

FINANCIAL TIMES

Weekend FT Grasping at change in east Russia

Down with the pen, up with the barbecue fork

Big match for the sons of mother Georgia

VW executive may be charged over GM theft

German prosecutors are expected to bring criminal charges against José Ignacio López de Arriortúa...

141 die in Nigerian air crash: All 141 passengers and crew on a Boeing 727 were killed...

Bovines made Clinton's chief of staff US President Bill Clinton appointed investment banker Erikine Bowles as his new chief of staff...

Interest rate fears overshadow FTSE: A surprise rally in US Treasury bonds helped prompt the rebound in the British stock market...

FTSE 100 has fallen 37.7 or 1 per cent. London stocks, Page 51

Fears for smaller UK companies: Concern over the health of smaller UK companies deepened yesterday after profit warnings from Roxboro and Reliance Security...

Yeltsin back to work 'within weeks': Doctors predict that Russian president Boris Yeltsin, recovering from heart bypass surgery, should be able to resume a full workload within weeks...

Australian host on Adams visit: Pro-British politicians in Northern Ireland welcomed the Australian government's ban on Sinn Féin president Gerry Adams entering the country...

Sanction-busting aids Iraq: Iraq's ability to get round sanctions since the Gulf war has expanded trade, said Iraqi finance minister Hikmat Ibrahim al-Azawi...

OECD faces pensions crisis: The Organisation for Economic Co-operation and Development has admitted the pension scheme for its 1,900 employees is unsustainable...

Lloyd's criticised on Names payments: Lloyd's of London has tried to stem criticism that it failed to pay profits to up to 12,000 Names entitled to surpluses on business carried out in US dollars...

Turkish minister quits over scandal: Turkey's interior minister Mehmet Ağar resigned yesterday as the government tried to distance itself from a scandal linking the police and politicians with organised crime...

Pope warns over Third World debt: Pope John Paul II told a Vatican conference that heavy debt is stifling emerging Third World democracies, and urged international help...

German ministries face budget cuts: Germany's social affairs, transport and economic ministry budgets are among those facing significant cuts next year in a bid to reduce federal spending by DM3bn...

FT.com: The FT web site provides online news, comment and analysis at http://www.ft.com

Table with 2 columns: Company Name and Share Price/Change. Includes Air France, Alliance & Leicester, Aradco, B2W, Barlays, Boots, CIA (UK), CallEnergy, Dominion Resources, Dresdner Bank, East Midlands Elect, Formosa Plastics, Gals, General Motors, Granada, Hanson, ING Barings, Kwik Fit, Laing Civ Eng.

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Support on EU social policy dispute follows joint stance on action in Zaire

Chirac backs UK on work rules

By David Buchan and John Kamefner in Bordeaux

President Jacques Chirac yesterday indicated that France could support British attempts to amend the Maastricht treaty governing social policy if the European Court rules against the UK next week on a working hours directive...

Mr John Major, the prime minister, used the Franco-British summit to press his case that Britain's opt-out from the social chapter should exempt it from European Union regulations on a 48-hour week...



French president Jacques Chirac, his prime minister Alain Juppé (far left) and UK premier John Major, arrive yesterday at the Bordeaux summit

Industry secretary, wrote to all Tory backbench MPs vowing that the government would "see off the working time directive" if it is imposed on the UK...

The cabinet has agreed that it will veto any new EU treaty imposed by the IGC if the imposition of the working time directive is not reversed...

specific EU working time directive. Mr Major said he was a committed European, but added: "A good European does not gently slide behind his colleagues... and follow the herd..."

and not "proscriptive judgment from Brussels". A British minister said the UK had drawn up proposals for next month's Dublin summit to amend Maastricht provisions to prevent employment issues such as the working week from slipping into the category of health and safety measures which can be passed by majority vote...

mit, the two leaders pledged joint and prompt action to alleviate the humanitarian crisis on the Zaire-Rwanda border, but stopped short of a commitment to deploy troops. Mr Chirac and Mr Major said any military involvement would have to be co-ordinated with the United Nations and African governments.

Italy seeks to prepare early ERM re-entry

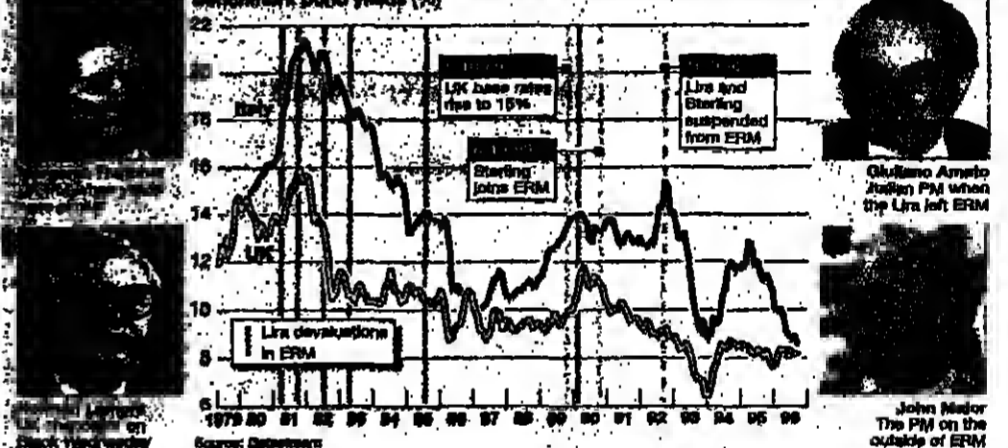
By Robert Graham in Rome and Richard Lapper in London

Italy's centre-left government wants to speed up approval of the 1997 budget to allow an early start to delicate negotiations on the re-entry of the lira into the European exchange rate mechanism...

could begin formal discussions on the lira's re-entry into the ERM immediately after the budget's approval. Mr Carlo Azeglio Ciampi, the treasury minister, said this week the government hoped to tie up negotiations by the end of November...

The lira yesterday was trading virtually unchanged at L1,006 against the D-Mark, though such a parity is regarded as far too competitive by the French and Germans. Following Mr Visco's comments, the gap or spread between yields on 10-year Italian bonds and those of Germany, the benchmark in European markets, narrowed by two-hundredths of a percentage point to 1.91 per cent...

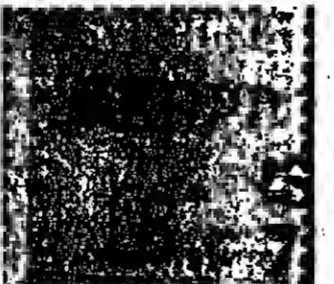
Italy closes the gap



Flawed Swedish stamp licks all others by fetching \$2.3m

By William Hall in Zurich

A piece of flimsy yellow paper, nicknamed the "Swedish error", yesterday became the world's most valuable postage stamp...



The Treackling yellow, which has passed through the hands of some of the world's richest stamp collectors, was sold at a Zurich auction to an anonymous buyer in Sweden for a record SF2.87m (\$2.3m). Issued in Sweden in 1857, the three skilling stamps were printed in green. But 30 years later a schoolboy, who was going through his grandmother's letters, found a yellow one. He sold it for a pittance to a dealer in Stockholm who, in turn, sold it to a collector in Vienna. Since then it has been owned by some of the world's leading collectors, including Philipp in Homburg von Ferrary, a wealthy German count, and King Carol II of Romania...

was the 1856 Penny magenta from British Guiana, understood to have been bought anonymously in 1980 by Mr John de Font for \$885,000. Mr de Font, the eccentric heir to the US chemical fortune, is now in a mental institution and the whereabouts of the magenta are unknown. Mr David Feldman, who auctioned the Treackling yellow, said yesterday he was "astounded" by the price. Over the years the stamp has been labelled a forgery because it is possible to get a yellow stamp by washing a green one. Tests have shown, however, that the Treackling yellow is really yellow. There were at least four

Table with 3 columns: Index Name, Value, and Change. Includes FTSE 100, US LUNCHTIME RATES, STERLING, DOLLAR, NORTH SEA OIL, and LONDON MONEY.

Table with 4 columns: Section Name, Page Number, Section Name, Page Number. Includes News, Letters, Foreign Exchange, World Commodities, UK News, Companies & Finance, London, Web Sites, and others.

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Minister suggests choice of new airliners may be limited State clips Air France's wings

By David Owen in Paris

A public debate over the possible purchase by Air France, the state-controlled airline, of a number of new long-haul jets has raised fresh doubts about the French government's willingness to break away from a tradition of strategic industrial planning in favour of a more hands-off approach.

The debate was triggered by remarks this week in the National Assembly by Mr Bernard Pons, the transport minister, while explaining that the company was studying the organisation of its long-haul fleet, but had not yet made up its mind whether to buy from Boeing or Airbus.

Mr Pons went on to say the eventual choice would depend "not only on the interests of the company Air France, but also the interests of the other economic sectors of our country".

Not surprisingly, this has been widely interpreted as a signal that ministers are keen for any eventual order to be placed with the European manufacturer.

One group that has taken issue with Mr Pons's remarks is the SNPL pilots' union - not necessarily the first body one would expect to defend the introduction of more Anglo-Saxon business practices in France.

In a statement released yesterday, the union said the minister's comments "highlight the ambiguity of the role of the state shareholder, which must compromise between the political reasons encouraging it to orient the choice of Air France towards Airbus and the industrial interests of Air France, whose fleet renewal strategy should be dictated solely by economic criteria".

Emphasising the need for a "coherent industrial logic" that respected the laws of the market, the union warned that the imposition of "political logic" could "place a question mark over the recovery and development of the group".

Finally, it said that any move by the state which resulted in Air France and its employees having to bear the extra costs associated with ordering an aircraft that was "not the best adapted to the needs of the company" would risk provoking "social tension".

A union spokesman said yesterday that the statement should not be interpreted as meaning that it was in favour of selecting the US manufacturer, but that the eventual decision should be taken purely on financial grounds.

The transport ministry said it had no intention of forcing Air France to choose a particular aircraft, but it was important to recognise there could be a "difficult reaction" if the company bought only Boeings.

Paris assesses benefit of less job protection

By David Buchan in Bordeaux

Senior members of the French government are exploring a controversial idea that their country's record jobless rate might be reduced by making employment slightly less "protected" by long and costly redundancy procedures.

The concept that easier firing procedures might entice French employers to respond to increases in demand by hiring more workers whom they could lay off during an economic downturn is acutely sensitive to unions. Unemployment hit 12.6 per cent in September and is forecast to rise further this autumn.

But the idea squares with statistical evidence presented by the industry department of the European Commission, which shows that employment is highest in those EU countries where the cost to employers of terminating job contracts is lower.

This conclusion has already stirred a row within the Commission, as it is likely to do in France.

Publicly, French leaders are still cautious. At the close of yesterday's Franco-British summit in Bordeaux,

President Jacques Chirac attributed the UK's better job record "less to flexibility than to sound management of public deficits". But, significantly, he said that in urging the need for constant adaptation of the French and European work force, "I am saying only that the security of workers should be protected in general", thereby leaving open the possibility of some change in France's costly redundancy procedures.

Mr Alain Juppé, French prime minister, yesterday sought to dissociate himself from a report in *Le Monde* newspaper that he had set out the need for redundancy reforms to a closed session of the national executive of his ruling RPR Gaullist party earlier this week.

But he has conceded his tenure as prime minister depends on his bringing unemployment down.

Mr François Léotard, leader of the premier's UDF coalition partner, claimed Mr Chirac had decided to ditch Mr Juppé. The president reacted by stating his "total confidence" in Mr Juppé and above all in the premier's "courage".

Such courage may require change in the French labour market.

Turkish minister quits in car crash scandal

By John Barnham in Ankara

Turkey's interior minister resigned yesterday as the Islamist-led coalition government tried to distance itself from a scandal linking the police and politicians with organised crime.

Mr Mehmet Ağar, a former hardline police chief, quit five days after the crash of a Mercedes Benz car carrying a gangster wanted by Interpol, a senior police officer, a former beauty queen and a government minister.

Police retrieved false identity papers and seven handguns equipped with silencers from the wreckage.

The only survivor was Mr Sedat Bucak, a member of the centre-right True Path party and junior coalition partner. He is critically ill in hospital.

The accident seemed to confirm widely held suspicions of close links between senior True Path politicians, corrupt police officers and organised crime. It also casts a further shadow over Mrs Tansu Çiller, the party's leader and deputy prime minister, who is the focus of several corruption inquiries in parliament.

The scandal has embarrassed the Islamist Refah party, senior coalition partner, too.

Mr Necmettin Erbakan, prime minister, came to power this summer with a tacit agreement to halt the parliamentary investigations it had launched against Mrs Çiller.

However, President Süleyman Demirel has said the incident was "very serious. [Investigations] must be taken as far as they will go". Parliament has accepted an opposition demand for a censure debate on "state-media relations" to be held next Thursday.

However, the crash is seen by some as a pretext for Mrs Çiller to eliminate Mr Ağar, whom she viewed as an increasingly powerful rival in party politics. "Tension between the two has been evident for the past three months," said one observer.

Mr Ağar's stature grew further after he publicly objected to Mr Erbakan's official visit to Libya last month. His opposition appeared vindicated when Col Muammar Gaddafi, the Libyan leader, publicly insulted Turkey, causing a political uproar.

Mrs Çiller seemed to confirm this analysis. She said: "The reason I wanted him to resign has nothing to do with the [accident]. He resisted the prime minister's visit to Africa." She added that Mr Ağar's daughter was very ill, preventing him from spending enough time at the interior ministry.

She has appointed Mrs Meral Akşener, a minor political figure best known for questioning loyalty to her, to replace him.

Iliescu's heady years lose their froth

Virginia Marsh finds the Romanian leader no longer feted on campaign trail

For most of the past seven years, Mr Ion Iliescu, the former senior Communist who has led Romania since 1989, has been feted by crowds of cheering workers and peasant farmers wherever he has ventured in his Balkan state.

Yesterday in Galați, a once pretty Danube town heavily industrialised under the Communists, the president's yellow campaign bus quickly moved on after some of the crowd started to hiss.

At the shipyard, workers listened but the applause was polite and brief. He fared better on the other side of town at the vast Sidex steel mill, one of Romania's largest and most favoured state companies. Its 35,000 employees are among the country's best paid, receiving on average three times a teacher's salary, and the general manager has just been elected an MP for Mr Iliescu's party. But even here, a small band of noisy supporters lived up to a generally muted audience of no more than 2,000.

The president, who only a few months ago looked to have a good chance of leading Romania into the next century, is finding his quest for a third term an uphill battle. In parliamentary elec-



No cheering crowds this time round as Iliescu bids for a third term

tions last Sunday, voters gave his Party of Social Democracy a stinging rebuff and, for the first time, elected the centre-right opposition in its place.

Mr Iliescu did better, emerging at the head of a field of 16 in the first round of voting for the presidency, but was just four points clear of his nearest rival with a second opposition candidate not far behind.

The Moscow-educated

career politician has been one of communism's great survivors. In 1990, six months after he masterminded the overthrow of the Stalinist dictator Nicolae Ceaușescu, he won 85 per cent of the vote in Romania's first post-Communist presidential elections. In 1992 he was again elected without difficulty.

Once a committed Marxist, he has spearheaded Romania's rapprochement with the

west after the isolation of the Ceaușescu years. He has overseen the country's cautious transition towards democracy and, after first calling for gradual change, has lately begun moving toward faster market-led reform and development of private initiative.

But yesterday, speaking to the workers, Mr Iliescu sounded like a man still preoccupied by class war.

"I come from a family of simple people and I know what it means to work, to do physical work," he said, dressed in an anorak and wearing a flat cap. "There are no businessmen in my family, all are employees and know what it means to defend the interests of the small people."

With the parliamentary elections already lost and his party's programme rejected, his message is overwhelmingly negative. It aims to arouse fear: fear of what might happen to Romania if the presidency also falls in the run-off on November 17 to an opposition he claims is dominated by unbridled capitalists and monarchists, remnants of a ruthless pre-Communist elite.

"The [opposition] programme makes demagogic promises but what is in the Romania of 1948, a Romania that was a monarchy," he said, standing astride a platform in the shipyard. "They want to break up the state farms, former royal lands, that now provide most of the country's food. They want to bring back the big landowners. November 17 is the last chance for the people."

In fact it is the president who sounds old-fashioned. An avuncular figure in his speeches yesterday he likened the voters who ousted his party to children upset with parents, who refused to give them what they wanted but, instead, took care of them by starting unpopular but much needed change.

This type of rhetoric still has some resonance in the countryside where mainly peasant farmers live and work in generally primitive conditions.

Some here, especially the old who form the largest part of the rural population, fear the opposition might take back land that was handed out under a 1991 restitution law. Exit polls from last Sunday indicate Mr Iliescu won more than half the votes of peasant farmers and 42 per cent of the over-65s, while the opposition candidates won the overwhelming support of city dwellers, the young and private business.

But in Galați, the workers, many of whom say they voted for Mr Iliescu and his party in 1992, feel let down by a president and a government that promised higher wages, better welfare and to improve living conditions.

"Mr Iliescu is himself behaving as if he is on a royal visit," said one worker at the shipyard where the average monthly wage is less than \$100. "He should come inside and see the conditions in which we work."

Few workers held out much hope that Mr Iliescu's opponent, Mr Emil Constantinescu, an academic, would be much better. "All the politicians come here and praise our work. No one talks about pay rises," said a steel worker. "But we've had this president for seven years. I think it's time to give someone else a try."

Brussels clears disputed report - minus graphs

By Neil Buckley in Brussels

The European Commission will next week publish a controversial report on European competitiveness, but without two disputed graphs apparently showing that rigid labour laws lead to higher unemployment.

The Brussels executive is also downgrading the status of the report, originally intended to be an official Commission communication, to an "internal discussion document" - effectively refusing to put its name to it.

The report has provoked a row within the Commission, reflecting an ideological rift over whether more jobs are created in flexible, deregulated markets, or in those with strict employment regulations. The dispute had raised questions as to whether the report would be published at all.

The decision to publish without the two graphs marks a partial victory for the Commission's pro-regulation social affairs directorate, headed by Mr Padraig Flynn, over more free-market commissioners such as Sir Leon Brittan, trade commissioner, and Mr Martin Bangemann, industry commissioner.

But, reflecting the sensitivities over the report, the offending graphs were yesterday made available unofficially to journalists.

Mr Jacques Santer, Commission president, who has made job creation a priority, was angered by media reports that the executive was attempting to censor or suppress the report, and ordered its publication to scotch what a spokesman called "absurd" suggestions.

The spokesman insisted the report had always been an "inter-service discussion document".

"Usually we don't publish this kind of document. But, given the intense interest, we have been instructed to make this paper available," he said.

The Commission's industry directorate, which published a summary of the report's findings last month, intended it to be adopted by the 20 commissioners as an official communication. Industry bodies also wanted it published officially as part of the debate over restructuring European economies.

The spokesman added that the graphs - published in the *Financial Times* yesterday - were being omitted as the correlations they showed between labour regulation and employment, and dismissal costs of workers and employment, were "very weak".

He said the graphs used "synthetic indicators" of regulation, constructed from approximate and subjective ratings of five categories of employment legislation.

But the rest of the employment chapter in which the graphs were due to appear would be published.

"You will see that the basic message is that there is difficulty creating employment when there is rigid legislation. The Commission has sent out this message several times," the spokesman said.

The row has come at a sensitive time, with the European Court of Justice expected on Tuesday to rule that the UK must come into line with EU law imposing a maximum 48-hour working week.



Padraig Flynn: publication is a partial victory

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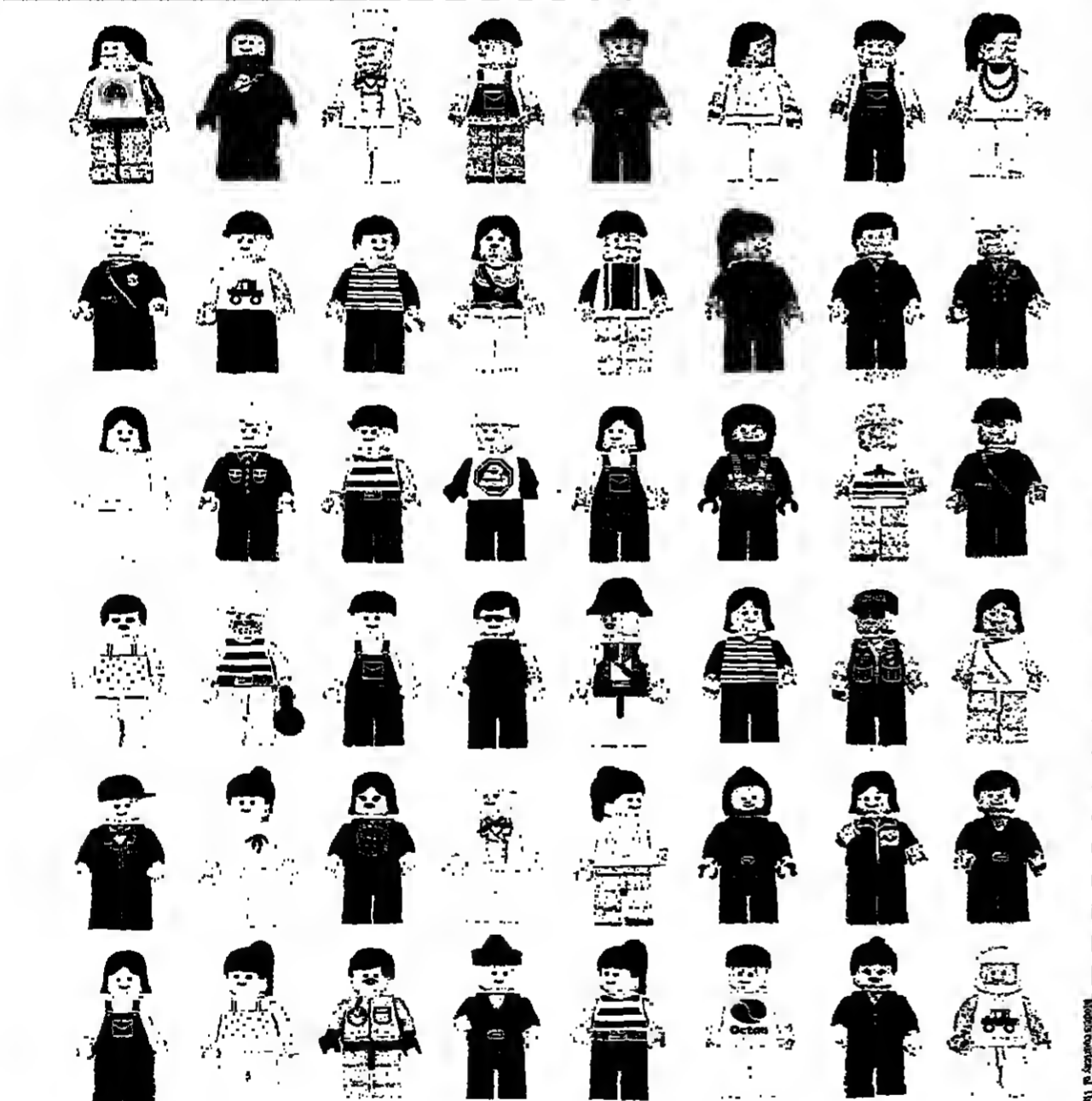
THE FINANCIAL TIMES
Published by The Financial Times (Europe) GmbH, Neuhofstrasse 1, 60318 Frankfurt am Main, Germany. Telephone: +49 69 150 850; Fax: +49 69 150 440. Registered in Frankfurt by: Walter Brand, Wilhelm J. Bruns, Colin A. Kennard as Geschäftsführer and in London by: David C.M. Bell, Chairman, and Alan C. Miller, Deputy Chairman. Shareholders of the Financial Times (Europe) GmbH are: The Financial Times (Europe) Ltd, London and F.T. (Germany) Advertising Ltd, London. Shareholder of the above mentioned two companies is: The Financial Times Limited, Number One Southbank Bridge, London SE1 9HF.

GERMANY:
Responsible for Advertising: Colin A. Kennard, Editor; Hörsner International Verlagsgesellschaft mbH, Adlonstr. 1, 60311 Sursee, 33, 63263 Neu Isenburg, ISSN 0174 7363. Responsible Editor: Richard Lamberr, The Financial Times Limited, Number One Southbank Bridge, London SE1 9HF.

FRANCE:
Publishing Director: P. Manigault, 42 Rue La Boétie, 75008 PARIS. Telephone (01) 576 8254. Fax (01) 576 8255. Printer: S.A. Nord Editeur, 1521 Rue de Cambrai, F-93100 Rosny-sous-Bois. Editor: Richard Lamberr, ISSN 1148-2753. Commission Paritaire No 6798/D.

SWEDEN:
Responsible Publisher: Hugh Corbett, 408 018 008. Printer: AB Kvalitetstryckeriet, Esplanaden, PO Box 14007, S-230 04, Jönköping.

The Financial Times Limited 1996.
Editor: Richard Lamberr, 40 The Financial Times Limited, Number One Southbank Bridge, London SE1 9HF.



SPOT THE REFUGEE

There he is. Fourth row, second from the left. The one with the moustache. Obvious really.

Maybe not. The unsavoury-looking character you're looking at is more likely to be your average neighbourhood slob with a grubby vest and a weekend's stubble on his chin.

And the real refugee could just as easily be the clean-cut fellow on his left.

You see, refugees are just like you and me.

Except for one thing.

Everything they once had has been left behind. Home, family, possessions, all gone. They have nothing.

And nothing is all they'll ever have unless we all extend a helping hand.

We know you can't give them back the things that others have taken away.

UNHCR is a strictly humanitarian organization funded only by voluntary contributions. Currently it is responsible for more than 19 million refugees around the world.

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United Nations High Commissioner for Refugees

We're not even asking for money (though every cent certainly helps). But we are asking that you keep an open mind. And a smile of welcome.

It may not seem much. But to a refugee it can mean everything.

UNHCR is a strictly humanitarian organization funded only by voluntary contributions. Currently it is responsible for more than 19 million refugees around the world.

UNHCR Public Information P.O. Box 2500 1211 Geneva 2, Switzerland

United Nations High Commissioner for Refugees

German ministries face big federal budget cuts

By Peter Norman in Bonn

Germany's social affairs, transport and economics ministry budgets are among those facing significant cuts next year in an attempt to reduce federal spending by DM3bn (\$1.98bn) and prevent the 1997 federal budget deficit rising above the already agreed DM36.5bn.

Mr Peter Hausmann, the Bonn government spokesman, said "far reaching agreement" on the cuts was achieved yesterday in an

emergency meeting of ministers chaired by Chancellor Helmut Kohl. Further talks are scheduled for late tomorrow and among the parties of the Bonn government coalition on Monday.

The social affairs ministry has been asked to save DM1bn and transport about DM450m. Spending cuts of DM260m are envisaged in the economics ministry budget, while Mr Volker Rübe, the defence minister, spoke yesterday of DM200m in new defence cuts.

The DM3bn cuts, which will affect all ministries, are required to offset weak tax revenues. Official estimates published yesterday pointed to shortfalls in federal tax income of DM3bn this year and DM5bn next year compared with estimates published last May.

The total tax income of the federal, state and local authorities is expected to fall by 1.1 per cent to DM805bn this year before rising by 2.1 per cent to DM822.2bn in 1997.

Iraq
Veltin
to new
German
Jerusalem
Singapore
Death

Strategy to reduce settlement risk may threaten liquidity pool
Banks fear \$16bn cash shortfall

By George Graham, Banking Correspondent
Efforts by the Bank of England, the UK central bank, to reduce risk in the UK's securities settlement systems have thrown up a potential \$16bn cash shortfall in the nation's banking system.

Commercial banks are worried that they may not own enough liquidity to allow them to adopt the system of instantaneous real-time settlement favoured by the Bank with

out changing the way they do business. The Bank is anxious to move settlement, especially for the £100bn a day gilt-edged government bond market, away from the current system in which banks keep a running tally of how much they owe each other and pay over the net amount at the end of the day.

That means in effect that they are extending credit to each other during the day. As a result, if one bank failed, it could have severe effects on the rest of the banking system - and possibly leave the central bank to pick up the bill.

Earlier this year, the UK's main system for high value payments, CHAPS, moved to a real-time system in which payments are credited instantly. Instead of being stored up for the end of the day.

Sluggish property recovery predicted

By Simon London, Property Correspondent

The commercial property market is expected to recover only sluggishly, with values rising by little more than the rate of inflation in each of the next two years, the Royal Institution of Chartered Surveyors and the London Business School predicted yesterday.

UK NEWS DIGEST
Reuters starts Scottish index

The world of stock market indices is set to become more crowded with the launch of two new benchmarks - by Reuters and HSBC James Capel. Reuters/Scottish 50 Index will consist of companies which are registered, have headquarters, or conduct their core business in Scotland.

Australia refuses to issue visa to Adams

By Nikki Tait in Sydney

Australia's conservative federal government yesterday refused entry visas to Mr Gerry Adams, president of Sinn Féin, and Mr David Irving, the right-wing British historian. Sinn Féin is the political wing of the Irish Republican Army.



Global reach: Sinn Féin has support in many countries, especially those with large communities of Irish origin. Gerry Adams is pictured here on a visit to Washington with Mairead Keane, the party's representative in the US capital.

Profits 'under threat from shares reform'

By Jim Kelly in London

Plans to stop a small group of companies using a loophole to inflate profits by undervaluing shares could knock tens of millions of pounds off the profits of Britain's 100 largest companies.

The UK's Accounting Standards Board's urgent task force is due to meet next week to consider whether to go ahead with the plans - originally designed to stamp out what was seen as a rare, but growing, abuse.

Prognosis poor for independent pharmacies
Gehe's bid for Lloyds chain may see more dispensing licences transferred to supermarkets

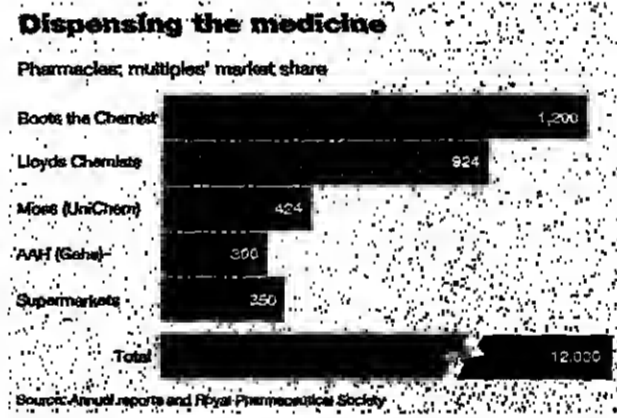
Unease amongst pharmacists - a sector still dominated by small independent operators - has been increased by recent events. Resale price maintenance (RPM), under which big store groups are barred from cutting prices on pharmaceutical products below manufacturers' recommended prices, may be abolished.

The Office of Fair Trading referred RPM to the Restrictive Practices Court three weeks ago. While not a foregone conclusion - a previous referral was dismissed by the court - industry analysts believe repeal is likely.

The possibility has brought a wave of protest from the industry, which has been buffeted by declining prescription margins from the state health service and

pharmacy shop sales would be affected if RPM were removed. But it is the battle for Lloyds Chemists by UniChem and German drugs wholesaler Gehe which has raised fresh fears over the future of the local pharmacy.

The move would accelerate a move already underway. UniChem already operates more than 70 pharmacies in supermarkets. In total, there are more than 350 pharmacies in UK supermarkets.



REPEAT CALL FOR TENDERS FOR THE SALE OF THE ASSETS OF "HADIATHANASSIADES SROS S.A.", OF ATHENS, GREECE. ETHINIKI KEPHALLEDO S.A., Administration of Assets and Liabilities, of the City of Athens, Greece. In its capacity as Liquidator of HADIATHANASSIADES SROS S.A. a company with its registered office in Athens, Greece, the "Company", presently under special liquidation according to the provisions of article 1464 of the Greek Civil Code, of Law No. 2649/1996 of the Athens Court of Appeal, as modified by Decision 79/1996 of the same Court.

Notice of Early Redemption PORTMAN BUILDING SOCIETY. Floating Rate Notes due 1997. Notice is hereby given that, pursuant to Condition 6(b) of the Conditions of the Notes, the Issuer will redeem all outstanding Notes at their principal amount on the next Interest Payment Date, 10th December, 1996, when interest on the Notes will cease to accrue.

Former manager issued with writ ING Barings has issued a writ against Mr Ron Baker, the former head of derivatives trading at Barings, claiming repayment of a £100,000 (£163,000) loan. It claims that Mr Baker failed to repay a loan made in two stages before Barings' collapse.

Accountant 'diverted' \$542,000 A Jordanian accountant at the British embassy in Amman diverted 23 pensions of dead government employees into his own account over a period of 15 years, the National Audit Office disclosed.

Italian company in tram project Control of the 30km tram system in the northern England city of Manchester is set to change hands after a consortium consisting of Savio, a traffic management group, Laing Civil Engineering and Ansaldo of Italy was selected as preferred bidder for a 7km extension.

UNILEVER N.V. DIVIDEND ON DUTCH CERTIFICATES OF FL1,000, FL100, FL20 and FL4 FOR ORDINARY CAPITAL ISSUED BY N.V.NEDERLANDSCH ADMINISTRATIE-EN TRUSTKANTOOR. Interim dividend payments of FL2.23 per FL4 ordinary capital in respect of the year 1995 will be made on or after 20th December 1996 against the surrender of Coupon No. 18.

Olivetti off 'S' in Om... CalEnergy... Regalian fund cent...

Olivetti spins off 8% stake in Omnitel

By Robert Graham in Rome and Jane Martinson in London

Olivetti, the troubled Italian technology group, yesterday completed the first stage of its asset sale strategy by selling an 8 per cent stake in Omnitel, the cellular telephone company, to Germany's Mannesmann for L432.5bn (\$285bn). The sale will bring a capital gain of L300bn for Olivetti's 1996 consolidated accounts. L404bn of the price will be paid by the year end.

Olivetti plans to raise L800bn by the end of the year, after a crisis in the group which led to a shake-up in September and the departure from the chairmanship of Mr Carlo De Benedetti, the main shareholder.

The disposal followed this week's L1,900bn sale by Cerus. Mr De Benedetti's French holding company, of its stake in Valeo, the car components manufacturer. For Mannesmann, the deal represents a consolidation of an existing stake in Omnitel. Olivetti is selling 8 per cent of its 59 per cent interest in Omnitel Sistemi Radiocellulari (OSR), the international consortium which owns 70 per cent of Omnitel Telecomunicazioni Cellulare, the mobile-phones operating company. Mannesmann is part of Pronto Italia, another telecoms consortium, which possesses 30 per cent of the operating company. Mannesmann's interest in OSR before the deal was 19.8 per cent.

Although negotiations began early last month, approval had to be obtained from both Olivetti's other consortium shareholders and those in Mannesmann's Pronto Italia. The stake sold by Olivetti was bought last year from Lehman Brothers for L28bn.

The disposal has caused controversy among some institutional shareholders, with Barings Asset Management telling a recent Italian parliamentary committee it had invested in Olivetti because of its decision to become involved in the telecoms sector. It was argued that the sale would dilute the shareholder value of Olivetti.

However, Mr Mark Pignatelli, head of European equities at Barings Asset Management, which is understood to have held a stake of about 5 per cent in the group before the summer, appeared pleased with the price achieved. Mr Pignatelli said he was pleased with the sale but added: "The more material benefit to the balance sheet will be their ability to get a good price for the personal computer business and their strategic ambitions for Infostrada."

Mr Talei Shakerchi, head of European equities at Old Mutual, said the sale of Olivetti's 8 per cent stake had not come as a surprise. "This was always going to be the easiest thing for them to sell," he said. The investment bank holds a 2 per cent stake in Olivetti.

Separately, Olivetti also sold some option rights in Omnitel Pronto Italia for L50bn. At the same time Pronto Italia's two main shareholders, Airtouch and Mannesmann, increased their stake.

Mr De Benedetti yesterday broke the silence he has maintained since he was forced from the chairmanship in September. Speaking to the French newspaper Le Monde, he said that, as he had lost all executive functions at Olivetti, "no one could expect me to go on investing in the company". He said he always placed his money where he worked. Asked if this meant he might withdraw his 14 per cent stake in Olivetti held through Cir, the family-controlled investment arm, he replied: "In principle, yes."

Home sales hamper Japan carmakers

By Michio Nakamoto in Tokyo

First-half results from three leading Japanese carmakers show improved performance in overseas markets, with the help of a weaker yen. But the companies were held back by a sluggish domestic market, where vehicle sales grew only 1 per cent.

Toyota, which has set itself an aggressive domestic sales target of 2.22m units in the full year - almost 8 per cent higher than last year - did particularly well in overseas markets, but saw vehicles sales decline at home.

However, continued cost-cutting, the benefits of the weaker yen and firm overseas sales helped lift parent recurring profit from Y88bn to Y258.5bn (\$21bn), on sales up nearly 10 per cent, from Y3,725bn to Y4,063.4bn. The company's net profits more than doubled, from Y30.7bn to Y131.5bn.

In the domestic market, Toyota, which is involved in an aggressive marketing campaign to return its share of domestic sales to above 40 per cent, suffered from its lack of recreational vehicles, which have continued to be the fastest growing segment of the Japanese market. As a result, Toyota's domestic vehicle sales fell 1.4 per cent in the first half.

In contrast, exports rose 17 per cent, mainly on the strength of demand for its

Dumpy ride: battle for domestic sales



cars in the US, where RAV4 sports utility vehicle has proved popular and the company lowered the price of its recently remodelled, US-made Camry sedan by 2.1 per cent.

The weak yen, as well as rationalisation measures, helped Nissan, Japan's sec-

ond-largest vehicle maker, to increase parent operating profits from Y5.1bn to Y38bn. There were recurring profits of Y30.9bn, after an Y8.8bn loss a year earlier, and net profits of Y11.5bn, compared with a deficit of Y13.4bn. Sales rose 1.5 per cent, from Y1,712.8bn to

Y1,737.5bn. Nissan, like Toyota, performed sluggishly in the domestic market, where its vehicle unit sales dropped 2.8 per cent.

It attributed the weakness to a lack of "fully redesigned, high-volume, mainstream models" and to a decline in demand for its

luxury cars, which sold well last year. Overseas, Nissan was not able to capitalise on firm demand in the US market and unit sales were flat for the period. The company attributed the lacklustre performance to the fact that two of its models are at the end of their life.

In Europe, Nissan reported flat sales amid intense competition. The company was still in the red in its European business, but the deficit was smaller than previous losses, it said.

The weak yen - which provided windfall gains of Y40bn in the first half - enabled Nissan to gain on overseas sales, and consolidated results, although not officially announced, were in the black, the company said. Rationalisation contributed an additional gain of Y38bn. Meanwhile, Mitsubishi Motors, Japan's fourth-largest carmaker, was hit particularly hard by the slump in the domestic market. MHB has a network of 70 branches in Hungary, and is setting up a dedicated retail bank and insurance company.

ABN Amro intends to add services such as capital market and international financial services, plus electronic banking and IT developments, said Mr M.J. Drabbe, an ABN Amro board member.

It also aims to improve products for small and medium-sized enterprises, an area which is currently badly served in the region, and plans to put strong emphasis on staff training. Consumer finance was "a very large potential growth area", in both Hungary and the region, Mr Drabbe added.

MHB has achieved a strong turnaround in the past two years under the leadership of Mr Zsigmond Jari, with bad debts inherited from the socialist era sold off and staff cut by about 1,500, mainly in administration. Further staff cuts are expected as computerisation is improved.

The bank returned a profit in 1995 and is expected to make nearly \$30m this year. Mr Drabbe praised MHB's current management, which will be retained.

Avesta reveals loss and replaces chief

By Greg Melvor in Stockholm

Avesta Sheffield, the Anglo-Swedish specialist steelmaker, is to replace Mr Per Molin, its chief executive.

The Swedish-based company, which is majority owned by British Steel, insisted the reshuffle was unrelated to its announcement of a \$K20m (\$30.5m) second-quarter pre-tax loss after a \$K1.1bn profit in the same period last year. It said Mr Molin, who is 60, had

completed his contract and had been considering retirement for some time. He will be replaced next April by Mr Stuart Pettifor, currently managing director of British Steel's commercial steels division.

The group blamed the second-quarter deficit on a 40 per cent crash in stainless steel prices in the past six months, triggered by oversupply and fierce competition among suppliers. This forced it to write down its inventory values by \$K182m.

The deficit was bigger than most market forecasts, but Avesta's shares closed up \$K0.50 yesterday at \$K65. Analysts said Mr Pettifor's appointment signalled a tightening of British Steel's grip on the company and would reawaken speculation that it might seek to acquire the 49 per cent of Avesta it does not own.

Mr Molin, who is to remain as chief executive until April and then assume an advisory role, said October price rises of between 5 per cent and 11 per cent were proving harder than expected to implement. However, he said there was a reasonable chance of price rises from 1 January.

Very low steel prices and the inventory write-down almost wiped out half-year earnings. Pre-tax profits in the six months to September fell from \$K2.3bn to \$K1.2m on sales down 25 per cent, from \$K11.3bn to \$K8.4bn.

Avesta said it the stronger krona had cut profits by about \$K100m. It also experienced run-

ning-in problems with new equipment at its two Swedish mills producing cold rolled steel, its most important product line.

The group described profits from cold and hot rolled steel as poor, but returns from its hot rolled plate operations were satisfactory. Deliveries of cold rolled steel to the European market by European producers fell 12 per cent in the first half as a result of stock build-up. Avesta said, but stocks were now close to balancing with demand.

Norfolk Southern lifts Conrail bid

By John Authers in New York

The bidding war in the US railroad sector intensified yesterday as Norfolk Southern increased its hostile cash offer for Conrail from \$100 to \$110 per share, valuing the company at \$128bn.

Conrail said in response that its shareholders should not take any action until the board had reviewed the bid. This followed Wednesday's announcement by CSX, another railroad, that it was raising the cash portion of its offer for Conrail in an agreed merger. CSX's offer is 80 per cent in stock, and at current prices is worth about \$95 per share.

Norfolk Southern yesterday stressed it would buy shares and put them into a voting trust, providing immediate cash for shareholders. The stock element of the CSX offer depends on regulatory approval, which could take a year to achieve - and analysts suspect Norfolk Southern would have trouble gaining takeover clearance from Pennsylvania state regulators.

Both CSX and Norfolk Southern have now made two offers. Talks on a possible compromise, under which Norfolk Southern would receive a large share of Conrail's assets after the company had merged with CSX, broke down this week.

Conrail shares rose 2% to \$65 in early trading yesterday. Before the first bid was announced last month, the stock had been trading at less than \$70. CSX shares were up 5% at \$49, while Norfolk Southern was 3% lower at \$64.

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CalEnergy increases Northern stake

By Jane Martinson

CalEnergy, the US independent power producer, yesterday increased its stake in Northern Electric, the UK electricity supplier, to 23.45 per cent and urged its bid target to recommend its \$300 a share offer.

Northern's shares fell another 18p to close at 605 1/2p, prompted by further profit-taking and continued speculation that the bid would be referred to the Monopolies and Mergers Commission.

One analyst said CalEnergy's strategy "could be very risky" if the takeover was blocked, but the US group said it believed it had a strong case with the regulator.

Mr David Sokol, CalEnergy's chairman and chief executive, said that Northern's shareholders were behaving as if they believed that "substantial downside exists". This view, he added, was reached in spite of Northern's "optimism about their half-year results and 'hidden' asset values".

Northern, which is due to publish its interim results and official defence within the next 10 days, blamed uncertainties over the MMC for its share price fall. It reiterated its view that the offer, which values the group at \$650m, was too low. Mr David Morris, chairman, said: "There is nothing to talk about at this price."

CalEnergy is unlikely to take its stake above 29.9 per cent as further purchases would infringe Takeover Panel rules. CalEnergy's junk-bond

rated status could also cause some concern on the grounds that it brings the regulated utility's financial stability into question.

The board of Dominion Resources, a US utility, met in Virginia yesterday to decide whether to go ahead with a \$1.2bn bid for East Midlands Electricity, another regional electricity company. The latter's share price eased 1p to 593 1/2p, down from the 607 1/2p which had prompted an announcement by Dominion on Wednesday night.

St Ives directors' pay falls

By Michael Lindemann

Pey for three executive directors of St Ives, the UK printing group, fell by up to 19 per cent in the year to August 2, even though the group reported a near 19 per cent rise to \$42.2m in pre-tax profits.

Mr Keith Holmes, managing director of the web printing division, was hit hardest because new presses were not meeting performance standards. Mr Holmes saw his overall remuneration package fall from £161,400 to £130,700.

However, Mr Miles Emley, chairman, and Mr Brian Edwards, managing director, also saw their pay affected because they have overall responsibility for operations.

Mr Emley's total remuneration fell by 7 per cent to £280,600, while Mr Edwards' fell 5 per cent to £230,100.

Regalian raising £17m to fund central London flats

By Simon London, Property Correspondent

Regalian, the UK property developer, is raising £16.8m from shareholders to invest in the strengthening market for central London homes.

The proceeds of the 1-for-2 rights issue at 30p, underwritten by Barclays de Zoete Wedd, will be used to expand its £200m development programme.

Regalian, chaired by Mr David Goldstone, is one of the largest developers of central London flats, often converting unwanted office buildings into luxury homes which can be sold to east Asian investors.

Regalian is currently working on 15 developments - some of them joint ventures - totalling 800 residential units. It recently paid £12.5m for Baynards House, Bayswater, a former office building which it hopes to convert into 180 flats.

Mr Goldstone said that since the end of September, 74 homes valued at £21.2m had been reserved by prospective buyers, pointing to continued strong demand for London flats.

Regalian also owns a half share in a large development site at Paddington, adjacent to land recently acquired by Chelsfield, the property company. "Whatever Chelsfield are doing at Paddington has to be good news for us. But this rights issue has nothing to do with Paddington," said Mr Goldstone.

Property development turnover increased from £2.9m to £11.1m. Gross profits were £2.8m (£1.4m) after



THIRD QUARTER		NINE MONTHS	
£		£	
8,747 million	+7%	Turnover	25,240 million +8%
886 million	+5%	Operating Profit	2,131 million +3%
918 million	+6%	- before exceptionals	2,271 million +10%
826 million	+5%	Pre-tax Profit	1,951 million +2%
		Net Profit	
506 million	+4%	- at constant rates	1,186 million -1%
505 million	+4%	- at current rates	1,189 million -1%
26.98p	+4%	Earnings per share	63.48p -1%

● BUSINESS PERFORMANCE: In Europe ice cream market share remained strong despite the impact of a poor summer on sales and profit; frozen foods, detergents, personal products and speciality chemicals recorded improved profits. Sales rose by 18% in North America with profit remaining the same as last year due to significant investment in marketing expenditure. In Africa and Middle East an 11% sales increase and improved profits reflected good results in Arabia and South Africa and the consolidation of the Nigerian subsidiary this year. There was notable growth in China and India as Asia and Pacific recorded a very strong performance in both sales and profit. In Latin America, profits grew markedly driven by strong performance in Brazil, Argentina and Chile.

Net exceptional charges of £32 million, mostly covering restructuring projects in the recently acquired industrial cleaning business, Diversy, have been taken in the quarter.

● INTERIM DIVIDEND: 10.29p per 5p of ordinary PLC share (+46%)
 £12.25 per £1.4 ordinary NV share (+50%)

The 46% increase in interim dividend follows the decision taken to set the interim dividend at 35% of the previous year's total dividend, as measured in the stronger of either sterling or guilders. Last year's interim dividend represented 24% of the total dividend in sterling. The decision on the total dividend is not affected by this policy change.

The provisional results for the fourth quarter and for the year 1996, and the proposed final dividends in respect of 1996, will be published on Tuesday 11 February 1997. For copies of Unilever results statements telephone 0800 181 891 or write to: Unilever Corporate Relations, E.O. Box 68, Unilever House, London EC4P 4BQ, or P.O. Box 760, 3000 DE Rotterdam. For information about Unilever, access Internet address: <http://www.unilever.com>

Third Quarter Results 1996

COMMODITIES AND AGRICULTURE

WEEK IN THE MARKETS Copper slips below 2,000 again

By Kenneth Gooding and Susanna Voyle Copper last night fell below the psychologically important \$2,000 a tonne barrier in after-hours trading on the London Metal Exchange.

Having breached the barrier on Thursday, the price for three-month delivery was sustained yesterday until it was hit by a big sell order and fell from the official close of \$2,007 to \$1,985. Copper had traded at a high yesterday of \$2,028, but was knocked back by late profit taking.

Aluminium slipped yesterday after failing to build on earlier gains. In late trading it was standing at \$1,480.

positioned for delivery to the US, the market where demand is most buoyant. Consequently, premiums demanded for aluminium to be delivered in January have been rising and there are some fears that a serious 'squeeze' might develop.

However, Mr Robin Bhar, analyst at Brandels, the Pechiney subsidiary, said the squeeze should be limited. At present those with aluminium to sell are holding out to squeeze the shorts (those who have sold metal they do not own in the expectation of buying it later at a lower price and then pocketing the profit) but many market participants will want to close their books by the end of the year.

This means the shorts will either close their positions or roll them forward and the squeeze would then fade away. Mr Larry Kaplan, analyst at Flemings Global Mining Group, said: "The tightness almost certainly flows from speculative activity during the third quarter when short-sellers sought to drive prices down, taking advantage of poor sentiment and unfavourable chart technicals."

He said that, although the shorts suddenly had found themselves in difficulty, they could roll over their positions, "so a major squeeze appears unlikely". Oil prices jumped higher in afternoon trading yesterday on the International Petroleum Exchange in London. Brent Blend for December delivery - the international benchmark - stood at \$22.68 a barrel in late trading, after opening at \$22.50.

Brokers said Brent was tracking former WTI futures on the New York Mercantile Exchange - and there was no other market-moving news to justify the market's animation. However, prices had been firming through the week, after opening on Monday at \$22.50. Forecasts of rising oil demand in the final quarter of the year was shrugged off by the market. Brokers said output was also set to rise.

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Table: National Long Term Japanese Govt. Bond Futures. Columns: Contract, Price, Change.

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UK Indices

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FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
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Saturday November 9 1996

Farewell then, falling yen

For the past 18 months betting against the yen has been the closest international investors get to a sure thing. Billions have changed hands on the assumption that the currency would keep falling, for the simple reason that no one - least of all Japan - wanted it any other way. Until this week, that is, when many started wondering whether the days of the sure-fire dollar were over.

The catalyst for these doubts was a seemingly offhand remark on Thursday by Japanese Minister of Finance official, who suggested that the decline in the yen might have run its course. The dollar promptly fell 1.3 per cent against the Japanese currency. This might be thought something of an over-reaction, were the official in question not Mr Eisuke Sakakibara.

Mr Sakakibara has a rare gift for controversy (rare, at least, within the Japanese bureaucracy). But as one of the chief architects of the strong dollar policy, he is not one to make offhand comments about exchange rates. Where "Mr Yen" goes, the currency tends to follow.

The dollar fared slightly better on Friday, but the word on the trading floors was that the tide had turned. The dollar's slight downward lurch does not imply that its nearly 40 per cent rise against the yen since May 1995 is about to be reversed. But the official's comments, coupled with a pointed silence on the subject on the part of officials in Washington, do suggest that both sides think 40 per cent is enough. The question is whether they are right.

Recall the two main factors which previously kept the yen moving downward. First was the enfeebled state of the Japanese real economy and financial sector. Low interest rates and a declining yen between them promised to boost domestic and external demand. Equally, they offered a chance for indebted banks to recapitalise at home while erasing some of the heavy losses on foreign assets caused by the rise in the yen of the early 1990s.

Benign neglect

The second ingredient was US support. Satisfied that the Japanese trade surplus was at last on the decline, treasury secretary Robert Rubin turned the US administration from a policy of benign neglect of the greenback to one of actively talking it up. No-one, after all, had an

interest in seeing a further deflationary downturn in Japan. Both factors have lost some of their force in recent months. Growth of nearly 4 per cent in the year to July has boosted confidence somewhat in Japan, with both consumer spending and private investment showing clear signs of recovery. Equally, yesterday's first-half results from leading Japanese motor companies confirm that the devaluation policy has had the desired effects for exporters. Toyota's sales abroad rose 10 per cent in the first six months of 1996, largely thanks to revived demand in the US.

US grumbles

Desired effects for Toyota City, perhaps: not for Detroit. US manufacturers have been grumbling about the yen for some time. Some recent events on the ground have begun to support them. Wednesday brought news that reverse imports into Japan of cars made by Japanese companies - that great symbol of revived US competitiveness - were 15 per cent lower in the first 10 months of 1996 than in the previous year.

For its part, Honda has announced that production of the Accord wagon, one of the best-known reverse imports, will be moving back next year from its all-too-temporary home in Ohio. These and other incidents do not, yet, add up to a trend. But it may not take very many more for Washington to come under strong pressure to talk the yen back up.

Here, as Mr Sakakibara well knows, is where the danger lies. More than likely, the upturn in Japan's fortunes does merit a pause in the decline of the yen. Whether it should start rising again is another matter. Japan's recovery - and the banks' balance sheets - still need careful nurturing to avert another downturn, with a good part of the tender loving care being provided by a lower currency.

Neither Japan nor the US have an interest in a soggy dollar. Japanese companies are not the only ones to have been banking on a lower yen: so have many recent investors in Wall Street.

The day will come when Japanese interest rates rise, and many of those who have sought higher returns in New York start to think about taking their money back home. But that day has not yet come, because of the continuing weakness of the Japanese economy. Nor has the day for a weaker dollar.

The soft American centre

Peaceful cohabitation by Clinton and Congress may be a pipe dream, says Patti Waldmeir

The American people have spoken: they want a divided government which combines its peace and pragmatism. Or at least that is the official version.

The White House certainly lost no time putting out the dominant message of the post-election period: the need for bipartisan co-operation between the re-elected Democratic president and the returned Republican majority in Congress.

Even before dusk on election night - when the outcome of the Congressional race was unclear and the presidential race only slightly less murky - Mr Mike McCurry, the White House spokesman, declared: "There is a centre in American politics: it can hold, it can govern."

Mr Bill Clinton's victory address was devoted to that theme. "It is time to put country ahead of party," he said, claiming a mandate for bipartisanship. Unfortunately, there is little evidence of such a mandate from the polls: it is far from clear that Americans cast a deliberate vote for cohabitation - and even less clear that peaceful coexistence is what they are going to get.

According to Mr Thomas Mann, a political scientist from the Brookings Institution, only between 13 per cent and 14 per cent of the electorate were "ticket-splitters" - those who chose one party for president and another for Congress. And many of those were Republicans who

simply could not bring themselves to vote for Mr Bob Dole, rather than modern-day devotees of the Founding Fathers' vision of a government balanced between the parties. Despite Mr Clinton's election-night proclamation that "the vital American centre is alive and well", the results show the centre was weakened by the election.

The waning of the centre in the Senate is the more dramatic, with the departure of many of those lawmakers who had given the upper house its image of moderation and pragmatism. Not least of these is Mr Dole, a gifted dealmaker if a flawed campaigner. He was replaced by Mr Sam Brownback, a veteran of the 1994 Republican revolution who crossed over from the House to run for Mr Dole's vacated seat.

The gulf between the two symbolises a Senate-wide shift to the right. In the House, too, the influence of moderates has declined. Departures include a disproportionate number of Republican moderates, with their replacements drawn from the ranks of more conservative southern Republicans.

Congressman Steve Gunderson, one of the remaining moderates, says he believes this fact alone will undermine the impulse to bipartisan pragmatism. Given the Republicans' slim majority, party leaders will be pressing hard for unity. Moderates will be forced to toe the line, he says, adding "pressure to prevent bipartisan co-operation will be great".



Mr Clinton will try to relieve these tensions by making bipartisan appointments to his cabinet, naming a prominent Republican perhaps as secretary of state or defense secretary. He might appoint Mr Dole as co-chairman of his promised bipartisan commission on entitlement reform of social security and Medicare (public health insurance).

The president's own aspiration to grandeur may force him to act in what the White House calls "a spirit of bipartisanship": entitlement reform would provide his best chance to secure a place in history as something more than a gifted campaign showman. And he cannot achieve that without support from across the aisle.

He will also need his opponents to achieve a more urgent priority: balancing the federal budget. Slaying the deficit dragon would also make him a candidate for presidential greatness - but he cannot do it on his own.

Some measure of cross-party agreement already exists, on the proposed \$500 (£305) child tax credit, capital gains tax relief for homeowners, and perhaps a college tuition tax credit, or tax break for individual retirement accounts, a kind of private pension. Everything will depend on whether the spirit exists to do a deal.

That spirit could be poisoned early on if Republican leaders decide to pursue leftover scandals from the first presidency. The controversy over foreign funding to the Democratic party provides them with perhaps their best chance yet to pin charges on Mr Clinton which stick: the scandal is fresh (unlike Whitewater, which dates from the previous decade), and the White House has so far done little to rebut it.

History would suggest that America is in for another rough cohabitation: that has been more the rule than the exception especially in second presidential terms. The Founding Fathers were not averse to a bit of robust political balancing. They meant voters to be so - even if most voters, in making their choice, probably did not know that.

Jurek Martin

A voyage in choppy waters

Second terms are supposedly when re-elected presidents leave their mark on history. But the history of the five presidents returned to the White House in the 20th century before Bill Clinton shows they have often brought a pack of trouble.

Woodrow Wilson (1913-21) simply could not resist the siren call of isolationism in a country weary of the first world war. In 1919 Congress turned down US membership of the League of Nations, breaking his heart and health.

That fulfilled a prediction of his. In 1908 he wrote: "Men of ordinary physique and discretion cannot be president and live, if the strain he not somehow relieved."

Franklin D. Roosevelt landed in 1936 might have presaged plain sailing. But he was bitterly frustrated in his first term by Supreme Court vetoes blocking the creation of several New Deal agencies and set about packing it to his liking. The effort was a serious miscalculation, even though it gave the highest bench one of its great liberal justices in Hugo Black.

Ironically, the court he disliked so much had given the presidency (in the Curtiss-Wright judgment of 1934) inherent supremacy in foreign affairs. That proved FDR's shield for the

Lendlease supply programme to Britain before US entry into the second world war in 1941.

Dwight D. Eisenhower's second term was also marred by the sort of ill-health Wilson had foreseen. New Deal agencies and set about packing it to his liking. The effort was a serious miscalculation, even though it gave the highest bench one of its great liberal justices in Hugo Black.

It also featured in 1959 a record budget deficit, giving the lie to Ike's commitment to balancing the books, and questionable covert CIA operations in Indonesia (1958), Laos (1958) and Cuba

(1960). He made unprecedented use of the notorious doctrine of "executive privilege", invoked over 40 times to preserve administration confidentiality.

In his second term, Richard Nixon reaped the harvest he had sown in his first four years - Watergate - and was forced to resign in 1974 to head off impeachment. That remains his unenviable enduring legacy.

Another scandal, though nothing like as fatal, befell Ronald Reagan after his 1984 landslide in the form of Iran-Contra. In this, briefly, the administration sold arms in Iran to finance

rightwing rebels in Nicaragua in contravention of an explicit congressional ban.

Arthur Schlesinger, the historian whose books on the presidency are invaluable sources, wrote that a second term for presidents "purifies neither their own performance nor the national attitude towards them".

Or, as Clark Clifford, once the dean of Washington insiders, told Congress in 1971: "Concern for one's own political future can be a powerful stimulus to responsible and responsive performance in office." Bill Clinton, unable to run again, has been warned.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

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Keynesian only when innovative

From Mr Francis Woehrling.
Sir, I beg to disagree with Michael Frowse ("Spurning Keynes, November 4). In 1989 Nixon was converted by Rockefeller into running for the presidency on the slogan: "I also am a Keynesian". Today the "archbishopment" Clinton has run against the mediocre innovator Dole on an analogously conventional slogan "I also am a budget cutter".

The difference is that in 1960 it was the Keynesian innovations that enabled Kennedy to combine tax cuts with a modest fiscal stimulation to help a basically healthy economy overcome moderate "supply side" problems. Kennedy's innovative experiment was a success: its legacy was ruined by the unimaginative excesses of Johnson and the

Nixon boom that bust into the 1973 oil crisis.

I am afraid that Clinton is an economist of the Nixon-Johnson vintage and not an innovator like Kennedy or Reagan.

Today governments rush into budget cutting with the same blind haste with which they accumulated deficits and "recycled oil revenues" 20 years ago. The slogans and their theoretic drapings have changed, not the herd-like responses of bureaucrats.

I am afraid that precipitate budget cutting will lead to another dip in the recovery and the saddest result of this "policy co-ordination" may well be the revival of some neo-Keynesian fads as Keynes will appear to be proven right (for the wrong reasons).

Keynes was not wrong in describing the workings of the budget multiplier, he was wrong in believing that governments would correct "herd-like" developments.

Paradoxically, it is the Bundesbank that warns today against untenable and precipitate budget cuts just as in 1973 it began to float against the dollar to counter the dominant policy. It is Keynes' belief in the capacity of governments to take corrective actions that has become problematic and on this point Clinton has remained a true Keynesian: do not wait for him to take macro-economics out of the G7.

Francis Woehrling,
33 Boslaan,
3090 Overijse,
Belgium

Advantage put at risk

From Mr S.K. Rao.
Sir, You applauded the UK chancellor's decision to raise interest rates ("Nudge to UK interest rates", October 31). I believe that he was mistaken in nudging the interest rate up at this stage. This is likely to strengthen the pound further; exports, which are under some pressure due to the recent appreciation of the pound, are likely to come under further pressure. The UK will lose a valuable advantage it has gained in export markets.

The evidence on inflationary pressures is far from convincing. It is also doubtful whether it is right to pitch the inflation target at less than 2.5 per cent, when there is mounting evidence from research by the International Monetary Fund and others in support of the existence of a trade-off between a slightly higher inflation rate and higher growth. Unemployment remains unacceptably large.

To sacrifice growth to achieve low inflation will neither be conducive to achieving social stability or budget balance. Public borrowing requirement will increase not only because of the direct interest rate effect, but also because of the fall in revenues and the rise in social welfare expenditure associated with a lower growth scenario.

I believe the Maastricht criteria are leading the UK, and other monetary union aspirants, into a trap of low inflation, low growth and high unemployment.

Siripurapu K. Rao,
5 Maresfield Gardens,
London NW3 5SY

Patience the key to best of Ireland's food

Sir Josslyn Gore-Booth.
Sir, Under the portentous banner "Truth of the Matter" you published an article by Kieran Cooke ("The Irish enigma", October 26/27) which described the difficulties encountered by his Irish friend in finding good food in the west of Ireland. Can one who has devoted much of his spare time in the past 30 years in this pursuit paint a different picture?

The days of Irish Danish Blue are over. Ireland now produces a bewildering variety of cheese as good as in any country in the world, save possibly France. Within 10 miles of here, I can buy fresh, live lobsters (and langoustes) from a man at Mullaghmore; clams and both sorts of

oyster from the farm on the bay; and as good a variety of meat, wet fish and dairy products from shops in the town as is available anywhere in the British Isles.

There are restaurants that I would not hesitate to recommend dotted along the west coast; one small town in Connemara that I visited recently had more than 30, the best being excellent.

I am afraid that the key is to be both patient and curious: patient because life is conducted at a more natural pace here; and curious because many sources of food are not so much involved in retailing as in the chain of distribution. As is the case in other lightly populated areas (the Scottish Highlands is the most obvious example), fish is caught, col-

lected and transported in large, refrigerated lorries, often to the continent. You have to ask to find the man who organises it locally.

If there was not such a demand from consumers in France and elsewhere for our native delicacies, then perhaps they would be more easily available here. My great grandparents served oysters for dinner every night during the season.

Josslyn Gore-Booth
Lissadell House,
Ballinfull,
Co. Sligo,
Ireland

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FINANCIAL TIMES
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CURRENCIES AND MONEY

Dollar falls

MARKETS REPORT
By Graham Bowley

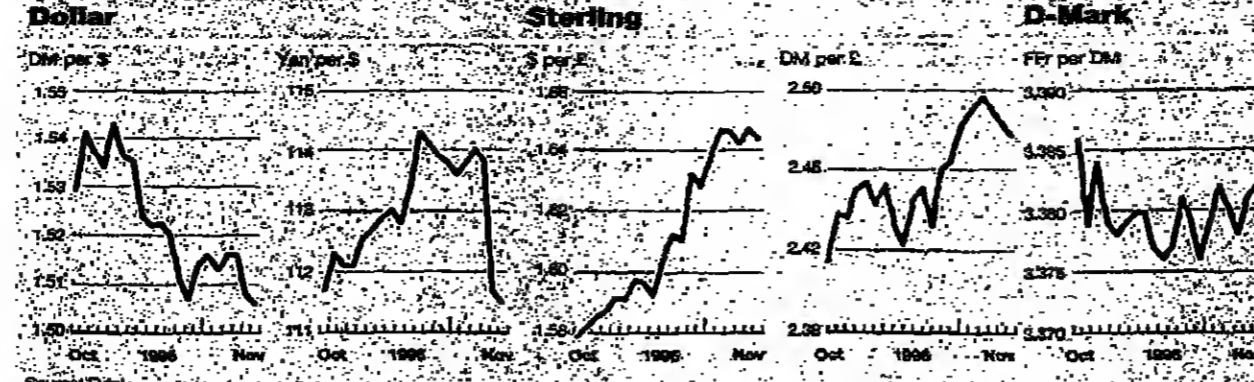
The dollar continued its descent on the foreign exchanges yesterday, edging lower against the yen and D-Mark following comments earlier in the week from Japan's Ministry of Finance.

In the European session but weakened slightly in later trading as the dollar fell. The Australian dollar recovered after falling sharply on Thursday following the yen's rise against the US dollar.

The Canadian dollar traded calmly after the Canadian central bank cut short-term interest rates by a quarter point. It cut its key bank rate by 25 basis points to 3.25 per cent to offset tightening monetary condi-

tion caused by the currency's recent strength. The US dollar finished in London at ¥111.50 against the yen, from ¥111.75. It closed against the D-Mark at DM1.5058, compared with DM1.5078 at the previous close.

The pound held firm early in the European session but weakened slightly in later trading as the dollar fell. The Australian dollar recovered after falling sharply on Thursday following the yen's rise against the US dollar.



Sterling closed against the D-Mark at DM2.4768 from DM2.4826, and against the dollar at \$1.6447 from \$1.6487. Sterling's trade-weighted index closed at 90.8.

Alain Juppe, the French prime minister, had been sacked also caused the French franc to weaken.

Mr Jeremy Hawkins, chief economist at Bank of America in London, said the dollar's decline yesterday was still a reflection of the shift in Japan's attitude towards the yen.

The Australian dollar regained some poise yesterday after coming under downward pressure following the Japanese Ministry of Finance comments.

POUND SPOT FORWARD AGAINST THE POUND

Table with columns: Nov 8, Closing mid-point, Change on day, Bid/offer spread, Day's high/low, One month rate, Three months rate, One year rate, Bank of England index. Rows include Europe, Asia, Americas, and various regional currencies.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Table with columns: Nov 8, Closing mid-point, Change on day, Bid/offer spread, Day's high/low, One month rate, Three months rate, One year rate, J.P. Morgan index. Rows include Europe, Asia, Americas, and various regional currencies.

CROSS RATES AND DERIVATIVES

Table with columns: Nov 8, Bid, Ask, Bid, Ask, Bid, Ask, Bid, Ask, Bid, Ask, Bid, Ask. Rows include Belgium, Denmark, France, Germany, Italy, Japan, Malaysia, New Zealand, Philippines, Saudi Arabia, Singapore, South Africa, South Korea, Taiwan, Thailand.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: Nov 8, Bid, Ask, Bid, Ask, Bid, Ask, Bid, Ask, Bid, Ask, Bid, Ask. Rows include Ireland, Portugal, Spain, Netherlands, Belgium, Germany, France, Denmark, Greece, Italy, Luxembourg, Austria, Switzerland, UK.

UK INTEREST RATES

Table with columns: Nov 8, Over-night, 7 days notice, One month, Three months, Six months, One year. Rows include Interbank Sterling, Sterling CDs, Treasury Bills, Bank Bills, Local authority deposits, Discount Market deposits.

BASE LENDING RATES

Table with columns: Nov 8, Bid, Ask, Bid, Ask, Bid, Ask, Bid, Ask, Bid, Ask, Bid, Ask. Rows include Adem & Company, Allied Irish Bank, Allied Irish Bank, Bank of Ireland, Bank of Scotland, Bank of Wales, Bank of Cyprus, Bank of Greece, Bank of Spain, Bank of Portugal, Bank of France, Bank of Germany, Bank of Italy, Bank of Japan, Bank of Korea, Bank of Taiwan, Bank of Thailand.

WORLD INTEREST RATES

Table with columns: MONEY RATES, Nov 8, Over-night, One month, Three months, Six months, One year, Libor, Bid, Ask, Prev. rate. Rows include Belgium, France, Germany, Ireland, Italy, Netherlands, Switzerland, UK, Japan.

EURO CURRENCY INTEREST RATES

Table with columns: Nov 8, Short term, 7 days notice, One month, Three months, Six months, One year. Rows include Belgium, Denmark, Dutch Guilder, French Franc, Portuguese Escudo, Spanish Peseta, Sterling, Swiss Franc, Canadian Dollar, Australian Dollar, Italian Lira, New Zealand Dollar, Japanese Yen, Korean Won, Taiwan Dollar, Thai Baht.

THREE MONTH EURO CURRENCY FUTURES (LFFE) DM1m points of 100%

Table with columns: Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec. Rows include Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

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Money Market Trust Funds table listing various trust funds and their performance metrics.

Money Market Bank Accounts table listing different bank accounts and their interest rates.

Money Market Bank Accounts (continued) table listing additional bank account options.

Money Market Bank Accounts (continued) table listing further bank account details.

Money Market Bank Accounts (continued) table listing more bank account information.

Money Market Bank Accounts (continued) table listing bank account data.

Money Market Bank Accounts (continued) table listing bank account listings.

Money Market Bank Accounts (continued) table listing bank account details.

NOTES: General Conditions of all listed funds, including details on interest rates and fees.

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Additional text on the right side of the page, possibly related to offshore services.

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Table listing various US funds including Fidelity Funds, American Mutual Funds, and others with columns for Name, Price, and % Change.

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Table listing various offshore insurance companies and their details, including names, addresses, and contact information.

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Main table containing fund names, ISIN numbers, and prices. Includes sections for 'Other Offshore Funds' and 'Managed Funds Notes'.

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MANAGED FUNDS NOTES
This section contains detailed information regarding the management of funds, including details on the FT Cityline Managed Funds Service and the FT Cityline Help Desk.

Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

NORTH AMERICA

UNITED STATES (Nov 8 / US\$)

Table listing stock prices for various US companies including General Electric, American Express, and others.

CANADA (Nov 8 / Can \$)

Table listing stock prices for various Canadian companies.

MEXICO (Nov 8 / Mex \$)

Table listing stock prices for various Mexican companies.

BRAZIL (Nov 8 / Real)

Table listing stock prices for various Brazilian companies.

ARGENTINA (Nov 8 / Arg \$)

Table listing stock prices for various Argentine companies.

CHINA (Nov 8 / RMB)

Table listing stock prices for various Chinese companies.

HONG KONG (Nov 8 / HK\$)

Table listing stock prices for various Hong Kong companies.

INDONESIA (Nov 8 / Rp)

Table listing stock prices for various Indonesian companies.

THAILAND (Nov 8 / Baht)

Table listing stock prices for various Thai companies.

PHILIPPINES (Nov 8 / P=)

Table listing stock prices for various Philippine companies.

VIETNAM (Nov 8 / Dong)

Table listing stock prices for various Vietnamese companies.

INDIA (Nov 8 / Rupee)

Table listing stock prices for various Indian companies.

NETHERLANDS (Nov 8 / Gld)

Table listing stock prices for various Dutch companies.

GERMANY (Nov 8 / DM)

Table listing stock prices for various German companies.

FRANCE (Nov 8 / FF)

Table listing stock prices for various French companies.

EUROPE

Table listing stock prices for various European companies.

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INDICES

Table showing various stock indices including Dow Jones, S&P 500, and others.

US INDICES

Table showing US stock indices with columns for Nov 7, Nov 8, and 1996 High/Low.

AFRICA

Table showing stock prices for various African companies.

ASIA PACIFIC

Table showing stock prices for various Asian and Pacific companies.

JAPAN (Nov 8 / Yen)

Table listing stock prices for various Japanese companies.

NEW YORK ACTIVE STOCKS

Table listing active stock prices in New York.

TRADING ACTIVITY

Table showing trading activity for various stocks.

INDEX FUTURES

Table showing futures prices for various indices.

WORLD

Table showing world stock prices for various international companies.

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WORLD STOCK MARKETS

Dollar doubts hold Dow in check Johannesburg shivers after slide in the rand

AMERICAS

US stocks were edging towards the end of a strong week on a flat note yesterday, with the most widely followed market indices all trading lower by early afternoon in New York, writes Richard Waters.

26 cent. The S&P 500 was up 24 or 3.4 per cent. Shares on the Nasdaq market also fell back yesterday morning, bringing a pause to a powerful rally in technology stocks which had been prompted by optimism about the strength of consumer demand in the US for the rest of the year.

Among the most heavily traded shares during the morning, Conrail, the railroad company, climbed another 22 1/2 to 95 1/2 as one of two rival bidders raised its offer.

within the TSE 300 composite index were evenly divided between winners and losers and the index was up 1.77 at 5,741.0.

of light volume. Dealers said that sentiment had been held in check by the dull start on Wall Street plus broad investor caution ahead of local elections.

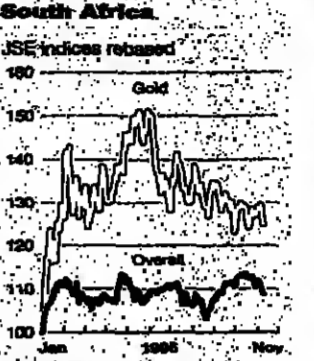
Johannesburg shivers after slide in the rand

Mark Ashurst on living with exchange controls

Mr Chris Stals, governor of the South African Reserve Bank, insists that the decision to abolish exchange controls restricting the outflow of local capital rests with politicians.

net capital inflows in recent weeks has fallen short of the current account deficit.

consistently outperformed the index in spite of its heavy reliance on borrowed capital.



South Africa: JSE index released

Unilever bounce rescues Amsterdam

EUROPE

Traders were well and truly wrong-footed by the Unilever results and the shares bounced more than 6 per cent to keep AMSTERDAM pointing in the face of a decidedly mixed session.

climbed Ft 1.10 to Ft 32.30 as CSX came off Ft 1.90 to Ft 33.70.

FTSE Actuaries Share Indices

Table with columns for Index Name, Open, High, Low, Close, and % Change. Includes FTSE 100, FTSE 250, FTSE 350, FTSE 400, FTSE 500, FTSE 600, FTSE 700, FTSE 800, FTSE 900, FTSE 1000.

DM65.55 and Viag DM7.55 at DM65.20, the latter after it announced "considerably improved" operating profits for the first nine months of 1996.

VIENNA and LISBON, at opposite ends of the Continent, were flat overall, but both had striking individual features.

prospect of a big bang. An interest rate rise could be forced by a sharp rise in imports if the rand is not supported.

Highly rated newcomers include Energy Africa, the upstream arm of oil company Engen, and Perstal, an information technology group with a 40 per cent stake in Germany's Compaq.

Bond market reaction aids Nikkei

ASIA PACIFIC

Strong buying interest among domestic investors, and an infusion of fresh funds from the bond market took the Nikkei average up 2.1 per cent after Thursday's percentage point decline, writes Gwen Robinson in Tokyo.

from 904m shares to an estimated 400m and in London the ISE/Nikkei 50 index slipped 0.13 to 1,439.88.

THE WEEK'S CHANGES

Table with columns for City, % Change, and Index Value. Includes Bangkok, Jakarta, Manila, Tokyo, Sydney, Shanghai, and others.

LONDON EQUITIES

LIFE EQUITY OPTIONS

Table with columns for Index Name, Call, Put, and % Change. Includes ASIA, EURO, FTSE, and others.

RISERS AND FALLS

Table with columns for Index Name, Rise, and Fall. Includes British Funds, Other Fixed Interest, and others.

TRADITIONAL OPTIONS

Table with columns for Index Name, Rise, and Fall. Includes First Dealings, Last Dealings, and others.

LONDON RECENT ISSUES: EQUITIES

Table with columns for Issue Name, Price, and % Change. Includes 3 F.P., 7.57, 4.4, and others.

FT/S&P ACTUARIES WORLD INDICES

Large table with columns for Index Name, US Dollar, Day's Change, and % Change. Includes Australia, Austria, Belgium, Brazil, Canada, and many others.

FT GOLD MINES INDEX

Table with columns for Index Name, 1st, 2nd, 3rd, 4th, 5th, 6th, 7th, 8th, 9th, 10th, and % Change.

RIGHTS OFFERS

Table with columns for Index Name, Price, and % Change. Includes 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310.

FT 30 INDEX

Table with columns for Index Name, 1st, 2nd, 3rd, 4th, 5th, 6th, 7th, 8th, 9th, 10th, and % Change.

TRADEPOINT INVESTMENT EXCHANGE

Table with columns for Index Name, 1st, 2nd, 3rd, 4th, 5th, 6th, 7th, 8th, 9th, 10th, and % Change.

LONDON STOCK EXCHANGE - DEALINGS

Details of business done shows below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission. The data is now delivered by Etotal, part of Financial Times Information.

Table listing various stock deals including British Funds, Listed Companies, Foreign Stocks, Bonds, and Corporate Finance. Columns include company names, share types, and prices.

Table listing FTSE Actuaries Share Indices, including various insurance and financial company shares.

British Funds, etc

Table listing British Funds and other financial products with their respective prices and details.

Listed Companies (excluding Investment Trusts)

Table listing various listed companies and their share prices.

Foreign Stocks, Bonds etc

Table listing foreign stocks and bonds from various international markets.

Corporate Finance

Table listing corporate finance transactions, including IPOs and secondary offerings.

Debt Issuance

Table listing new debt issuances, including government and corporate bonds.

Overseas Borrowers

Table listing overseas borrowers and their financing activities.

WEEKEND BUSINESS

Advertisement for Weekend Business featuring Telecommunications, Legal Notice, and Home & Office Software.

Advertisement for MESA 96 software, highlighting its features for financial analysis and trading.

Advertisement for Business For Sale, featuring a Birmingham-based commercial property.

Advertisement for FINALLY: REAL-TIME DATA YOU CAN AFFORD, promoting a financial data service.

Advertisement for KARL LOYNTON and PAUL MEAKINS, providing contact information for business services.

Advertisement for 'TO SAVE ALL THESE TREES WE HELP CHOP DOWN THIS ONE', featuring a WWF logo.

Large advertisement for 'Dead refugees cannot be saved', an open letter by David Bryer and Anne-Marie Huby, with WWF and Médecins Sans Frontières logos.

Advertisement for WWF (World Wildlife Fund), featuring the WWF logo and text.

UK share

FTSE

LONDON STOCK EXCHANGE

UK shares move ahead despite CBI survey

MARKET REPORT

By Steve Thompson, UK Stock Market Editor

Inflationary pressures. Yesterday's Confederation of British Industry's October report on distributive trades showed high-street sales rising at their fastest rate since 1988.

US stock market

The FTSE 100 index hit an intraday high of 3,953.4 in mid-morning, up 23 points, with wealth boosted by excellent third-quarter numbers from Unilever; the Anglo-Dutch food and household goods group. Unilever was the day's best Footsie performer.

FTSE 250 eventually ending the day 13 ahead at 4,956.5.

The poor showing by the 250 index was attributed to a weak performance by the regional electricity stocks, which gave up substantial ground as speculative money shifted from that sector into other perceived bid targets.

Over a week in which interest rate concerns have dominated,

Footsie has fallen 37.7 or 1 per cent. Over the same period, the FTSE 250 has lost 33.6, or 0.8 per cent, and the SmallCap 25 or 0.4 per cent.

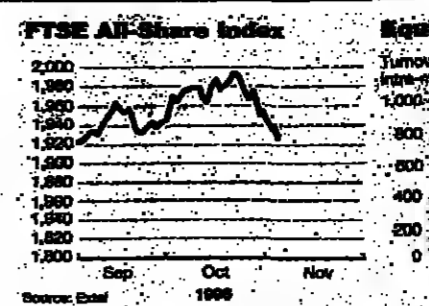


Table with 2 columns: Index and Ratio. FTSE 250: 4395.6 +1.3. FTSE 350: 1953.4 +4.2. FTSE All-Share: 1929.51 +3.72.

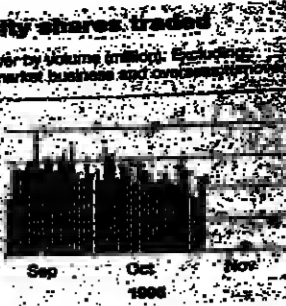


Table with 2 columns: Index and Ratio. Citec index for Nov 8: 3910.8. Change over week: -37.7. FTSE 100 Index: 3800.4.

TRADING VOLUME IN MAJOR STOCKS

Table listing various stocks with columns for Vol, Closing, and Change. Includes AIDA Group, Abbey National, Allied Domecq, Anglo-Water, Argyll, etc.

EQUITY FUTURES AND OPTIONS TRADING

Table with columns for Stock Index Futures, FTSE 100 Index Futures, FTSE 250 Index Futures, and FTSE 100 Index Options.

Tide flows to water utilities

As monopoly concerns cracked through the electricity sector, the tide of enthusiasm appears to have turned in favour of water. Out of favour for some time, the sector has become attractive again.

CHIEF PRICES CHANGES

Table listing price changes for various companies. Includes London (Pence), Rises, and Falls.

FTSE Actuaries Share Indices

Table showing FTSE Actuaries Share Indices for various sectors like Industrial, Commercial, and Financial, with columns for 1996, 1995, 1994, etc.

FTSE - LEADERS & LAGGARDS

Table showing percentage changes for FTSE 100 and FTSE 250, categorized by industry.

Unilever surge

Anglo-Dutch group Unilever sparked after it posted third-quarter figures ahead of market expectations. Profits came in at \$286m.

Stores hit

Fears on interest rates continued to cast a shadow over retail stocks. Kingfisher was one of the day's worst performers.

World Nuclear Industry

The Financial Times plans to publish a survey on the World Nuclear Industry on Tuesday, November 19. The survey will look at the issues facing the industry and its suppliers.

Advertisement for Swiss Industry and Technology, featuring a large logo and contact information.

Hourly movements

Table showing hourly movements for FTSE 100, FTSE 250, and FTSE 350.

FTSE 350 High 10:45 AM Low: 9:50 AM

Table listing various FTSE 350 industry baskets with columns for Open, High, Low, and Change.

Information on this Survey please contact:

Contact information for David Rouleau, including telephone and fax numbers.

For further information please contact John Rolley on Tel: +41 22 731 1604 or fax: +41 22 731 9481.

Large advertisement for FTSE International, including the FTSE logo and website information.

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

Table listing companies in the Alcoholic Beverages sector with columns for company name, price, and change.

BANKS, MERCHANT

Table listing companies in the Banks, Merchant sector with columns for company name, price, and change.

BANKS, RETAIL

Table listing companies in the Banks, Retail sector with columns for company name, price, and change.

BREWERIES, PUBS & REST

Table listing companies in the Breweries, Pubs & Rest sector with columns for company name, price, and change.

BUILDING & CONSTRUCTION

Table listing companies in the Building & Construction sector with columns for company name, price, and change.

BUILDING MATS. & MERCHANTS

Table listing companies in the Building Mats. & Merchants sector with columns for company name, price, and change.

CHEMICALS

Table listing companies in the Chemicals sector with columns for company name, price, and change.

CHEMICALS - Cont.

Table listing companies in the Chemicals - Cont. sector with columns for company name, price, and change.

DISTRIBUTORS

Table listing companies in the Distributors sector with columns for company name, price, and change.

DIVERSIFIED INDUSTRIALS

Table listing companies in the Diversified Industrials sector with columns for company name, price, and change.

ELECTRICITY

Table listing companies in the Electricity sector with columns for company name, price, and change.

ELECTRONIC & ELECTRICAL EQPT

Table listing companies in the Electronic & Electrical Eqpt sector with columns for company name, price, and change.

ENGINEERING, VEHICLES

Table listing companies in the Engineering, Vehicles sector with columns for company name, price, and change.

ENGINEERING

Table listing companies in the Engineering sector with columns for company name, price, and change.

ENGINEERING

Table listing companies in the Engineering sector with columns for company name, price, and change.

EXTRACTIVE INDUSTRIES

Table listing companies in the Extractive Industries sector with columns for company name, price, and change.

EXTRACTIVE INDUSTRIES - Cont.

Table listing companies in the Extractive Industries - Cont. sector with columns for company name, price, and change.

FOOD PRODUCERS

Table listing companies in the Food Producers sector with columns for company name, price, and change.

FOOD PRODUCERS - Cont.

Table listing companies in the Food Producers - Cont. sector with columns for company name, price, and change.

GAS DISTRIBUTION

Table listing companies in the Gas Distribution sector with columns for company name, price, and change.

HEALTH CARE

Table listing companies in the Health Care sector with columns for company name, price, and change.

EXTRACTIVE INDUSTRIES - Cont.

Table listing companies in the Extractive Industries - Cont. sector with columns for company name, price, and change.

FOOD PRODUCERS

Table listing companies in the Food Producers sector with columns for company name, price, and change.

HOUSEHOLD GOODS - Cont.

Table listing companies in the Household Goods - Cont. sector with columns for company name, price, and change.

INSURANCE

Table listing companies in the Insurance sector with columns for company name, price, and change.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector with columns for company name, price, and change.

INVESTMENT TRUSTS - Cont.

Table listing companies in the Investment Trusts - Cont. sector with columns for company name, price, and change.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector with columns for company name, price, and change.

HOUSEHOLD GOODS - Cont.

Table listing companies in the Household Goods - Cont. sector with columns for company name, price, and change.

INSURANCE

Table listing companies in the Insurance sector with columns for company name, price, and change.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector with columns for company name, price, and change.

INVESTMENT TRUSTS - Cont.

Table listing companies in the Investment Trusts - Cont. sector with columns for company name, price, and change.

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Table listing companies in the Investment Trusts sector with columns for company name, price, and change.

Advertisement for FT Surveys on Greece, dated Thursday, November 28. Includes contact information for Kirsty Saunders and Alec Kitroeff in Athens.

INV TRUSTS SPLIT CAPITAL

Table listing companies in the Inv Trusts Split Capital sector with columns for company name, price, and change.

LONDON SHARE SERVICE

NAV TRUSTS SPLIT CAPITAL - Cont.

Table listing NAV trusts split capital with columns for Name, Price, and % Change.

OTHER INVESTMENT TRUSTS

Table listing other investment trusts with columns for Name, Price, and % Change.

INVESTMENT COMPANIES

Table listing investment companies with columns for Name, Price, and % Change.

LEISURE & HOTELS

Table listing leisure and hotels companies with columns for Name, Price, and % Change.

LIFE ASSURANCE

Table listing life assurance companies with columns for Name, Price, and % Change.

MEDIA

Table listing media companies with columns for Name, Price, and % Change.

OIL EXPLORATION & PRODUCTION

Table listing oil exploration and production companies with columns for Name, Price, and % Change.

OIL, INTEGRATED

Table listing integrated oil companies with columns for Name, Price, and % Change.

OTHER FINANCIAL

Table listing other financial companies with columns for Name, Price, and % Change.

PAPER, PACKAGING & PRINTING - Cont.

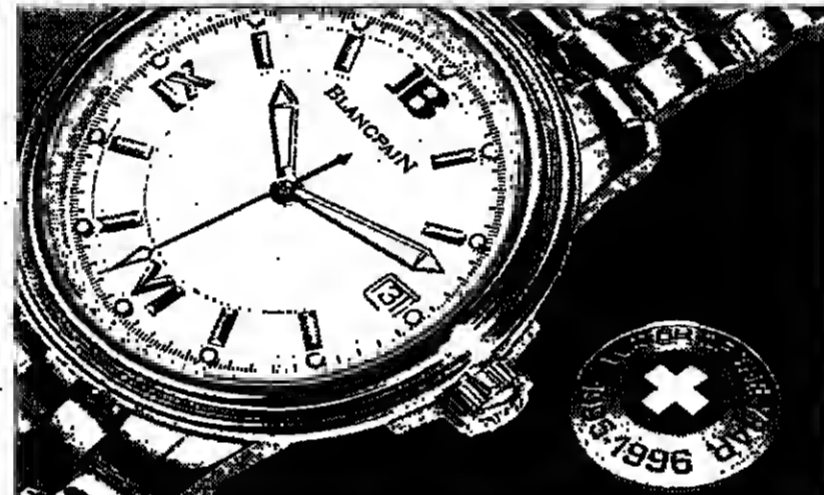
Table listing paper, packaging and printing companies with columns for Name, Price, and % Change.

PHARMACEUTICALS

Table listing pharmaceutical companies with columns for Name, Price, and % Change.

PROPERTY

Table listing property companies with columns for Name, Price, and % Change.



PROPERTY - Cont.

Table listing property companies with columns for Name, Price, and % Change.

RETAILERS, FOOD

Table listing retailers and food companies with columns for Name, Price, and % Change.

RETAILERS, FOOD - Cont.

Table listing retailers and food companies with columns for Name, Price, and % Change.

RETAILERS, GENERAL

Table listing general retailers with columns for Name, Price, and % Change.

SUPPORT SERVICES

Table listing support services companies with columns for Name, Price, and % Change.

SUPPORT SERVICES - Cont.

Table listing support services companies with columns for Name, Price, and % Change.

TEXTILES & APPAREL

Table listing textiles and apparel companies with columns for Name, Price, and % Change.

TOBACCO

Table listing tobacco companies with columns for Name, Price, and % Change.

TRANSPORT

Table listing transport companies with columns for Name, Price, and % Change.

WATER

Table listing water companies with columns for Name, Price, and % Change.

AIM

Table listing AIM companies with columns for Name, Price, and % Change.

AIM - Cont.

Table listing AIM companies with columns for Name, Price, and % Change.

AMERICANS

Table listing American companies with columns for Name, Price, and % Change.

CANADIANS

Table listing Canadian companies with columns for Name, Price, and % Change.

SOUTH AFRICANS

Table listing South African companies with columns for Name, Price, and % Change.

GUIDE TO LONDON SHARE SERVICE

Price for the London Share Service delivered by Edif, part of Reuters. Includes details on company classification, bid-ask spreads, and market capitalization.

FT Free Annual Reports Service

Information about the FT Free Annual Reports Service, including contact details for reports and company focus services.

LEGAL DEFINITIONS
Infringe: 1. A hair fashionably combed forward (see Bentley); 2. Rugby Football abstract someone accidentally on purpose 3 to break a law or a right. See more & more: snapp (ph 0171-2484322)
Rowe & Munn
LAWYERS FOR BUSINESS

FINANCIAL TIMES

Weekend November 9/November 10 1996

SHEERFRAME
Specified Worldwide
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Tel: 01773 852311

VW executive faces charges over GM papers

By Wolfgang Münchau in Frankfurt

German prosecutors are expected to bring criminal charges against Mr José Ignacio López de Arriortúa, head of purchasing at Volkswagen, over the alleged theft of internal papers at General Motors.

Mr Klaus Kocks, a VW board member, said the decision to release a statement indicating that a formal indictment against his client was now likely. Prosecutors declined to comment on the investigation but confirmed that it would close next month, earlier than previously thought.

Mr Gerhard Schröder, prime minister of Lower Saxony, a state which holds a 20 per cent stake in VW, has lobbied heavily in favour of the company during the last three years. Mr Schröder, a potential opposition Social Democrat candidate for German chancellor, said yesterday that "an indictment is not a conviction".

Regulators in US act over Internet share tips

By Lisa Branstetter in New York

US securities regulators pounced on Internet stock tippers yesterday. It is the first move against the use of the worldwide computer network to manipulate share prices.

OECD crisis looms over 'crazy' pensions scheme

By Gillian Tett and Stephen Fidler in London

The Organisation for Economic Co-operation and Development, which has warned its member governments of their looming pensions crises, is facing one of its own.

The Paris-based group has admitted that the pension scheme for its 1,900 employees is unsustainable. This leaves the group with future problems in paying the bill which could result in job cuts.

"There is not going to be any easy way out. The pension scheme is crazy," Mr Jean-Jacques Noreau, OECD executive director said.

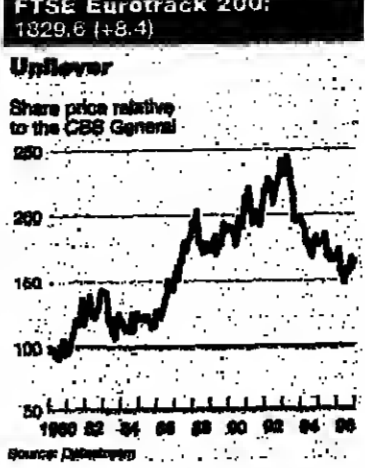
The problem has arisen because the OECD pension system demands that governments pay liabilities as they arise, instead of requiring employees and the organisation to save for the future.

means that the money must come from governments or the OECD's existing budget. But this would disempower the OECD's recent members, such as Mexico and Hungary.

THE LEX COLUMN

Slicing the salami

Salami slicing the prize asset is not an obviously sensible corporate strategy, but Olivetti has got itself into such a mess that there was limited choice.



cycles this measure breached 13 per cent on the upswing but fell between 2 1/2 and 4 points on the downswing. Since each point is equivalent to 7.8 per cent of total corporate profits, the effect is dramatic.

Mr Roberto Colaninno, Olivetti's new chief executive, has promised to secure 1,500bn of asset sales by the year end, and, with negotiations under way for the sale of its stake in Technost, that looks achievable.

over 2250m of disposals so far this year, as part of an accompanying portfolio restructuring. The cash will go into driving some Ivveller divisions in the US, but more particularly in growing emerging markets.

Fund Management
Dresdner Bank's decision to merge its three asset management arms outside of Germany into a single unit is a case of making a virtue out of necessity.

Unilever

After three years of painful restructuring, accompanied by alarming margin erosion, Unilever is finally turning the corner.

UK's economic pie

Who has gained from Britain's recovery? Companies have increased their share of the economic pie by nearly three percentage points to 13.2 per cent over the past four years.

Swedish stamp licks all others at \$2.3m

Continued from Page 1

bidders at yesterday's auction and the price started at SF900,000. Within three minutes the stamp had been sold for nearly double the highest estimate.

prices", said it was a "great privilege" to have had the "current reigning champion" pass through "one's hands not only once but three times."

the cost from the sale of some of his own collection and, according to an article in Lin's Stamp News, New York magazine, received an advance of SF1m from Mr Feldman.

The case is a warning to investors drawing information from the Internet. But Mr David Gardner, co-founder of the Motley Fool, among the most popular electronic investment forums, said fraudsters could not hide in cyberspace.

FT WEATHER GUIDE
Europe today
The Benelux, northern Germany and northern France will have showers. An area from north-west France across southern Germany and southern Scandinavia will have cloud and rain. Southern France will be sunny. Most of Spain will have a mix of sunshine and cloud, Italy and the Balkans will have sunny periods. Central Russia will be overcast with some rain. Western Russia will have showers.
Five-day forecast
Western Europe will be unsettled with rain and showers by Monday. South-eastern Europe and the eastern Mediterranean will be generally dry and sunny.
Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands.
Lufthansa
Out service starts long before take-off.

Amsterdam flights a day!
3 from £35 each way
Never requires a Saturday night stay
when you are not spending other peoples money fly
easyJet
Also Scotland, Nice & Barcelona
Call 0990 29 29 29 anytime
All fares single - tax subject to availability

Weekend FT



Trawling for a future

John Thornhill witnesses Russia's struggle with a market economy at the Kamchatka fishing company

The roads of Kamchatka, like so much else in this spectacular peninsula in Russia's far east, have recently undergone a bewildering change as a result of the country's capitalist revolution. In Soviet times, only sputtering Ladas and smokel-belching Kamaz trucks pottered their way between the snow-capped volcanoes which run up the spine of the peninsula, the size and shape of Italy with a pot belly. But ever since the once-closed region opened itself to the outside world, an influx of imported second-hand Toyotas and Mitsubishis, delivered to local ports from northern Japan strapped to the decks of trawlers, have been driving Russian cars off the roads. Local drivers concede Russian cars are no match for these used Japanese imports, especially considering the sad decline in the quality of

local cars in recent years. In Moscow, second-hand Ladas (up to 10 years old) often sell for more than the newly built models because of their greater reliability. But some residents of Kamchatka grumble that the Japanese cars have introduced new risks along with greater comfort and engine reliability. Speedier cars have encouraged more reckless driving. Japanese cars are designed to drive on the left of the road, with the steering wheels on the right. But Russians drive on the right, making overtaking a truly white-knuckle experience for passengers. The disoriented driver is symbolic of the changes sweeping through the peninsula in the post-Soviet era. Famed in Russian history as a remote land of great mystery and beauty, but fossilised in the Soviet era as an outpost of orthodox communism, Kamchatka is now blinking with fear and wonder at the wrenching changes the market economy brings.

For many, it is a confusing experience, as the simple, centrally planned truths of the past no longer prevail. Where Moscow was once viewed as the source of all wisdom, the country's capital is now more often seen as the cause of all troubles. The distant images of Boris Yeltsin on the operating table and of the unseemly grab for power in his absence are hardly reassuring. Apart from the defence industry, Kamchatka has always had an important place in Moscow's planning schedules for its fish. The industry had a sense of national mission, the semi-spiritual certainty instilled by Communist doctrine and perpetuated by privilege. Now, Kamchatka's older generation of businessmen looks warily on the young, who have set up private trading companies, suspecting they, like Oscar Wilde's cynic, know the price of everything and the value of nothing.

"I do not want to idealise the Soviet era," says Valentin Kalinin, deputy chairman of the Kamchatka Trawling and Refrigerating Fish Company. "But a lot of things that happen today are just not understandable." A florid-faced man in a crumpled suit, with a ready quote from Stalin and a Marlboro cigarette forever on his lips, Kalinin says it is absurd that the average worker can no longer afford the nine-hour flight to Moscow to visit relatives.

He denounces the young reformers in Moscow who have unleashed the disruptive powers of the market on their unwitting countrymen cutting off remote communities and opening a Pandora's box of economic troubles. "As Stalin said, the cadres decide all. Our economy should be run by people with real experience not by 30-year-olds who confuse a laboratory with a factory," he fumes. "Things were done differently in China. There they kept all the good things from yesterday and reformed what was bad. Here we have destroyed everything." Scrambling among the copies of the *Soyuzetskaya Rossiya* newspaper that lie on his desk, he pulls out a plan to reconstruct the giant fish processing association that was broken up at the time of privatisation. He envisages pooling the strength of privatised companies into a financial-industrial group that will renege its ties with government.

"There is not a single strong business in the world that exists without the help of the government," he says, with some justice. Ironically, despite Kalinin's harsh-sounding rhetoric, some of those young reformers in Moscow believe Kamchatka Trawling is a shining example of the success of Russia's "fast and dirty" privatisation programme, in which 14,000 companies have been privatised since 1993. The company was quick to participate in a restructuring programme sponsored by the Russian Privatisation Centre, and draw on the advice of McKinsey & Co, the world's renowned management consultants, to help it reshape its business. In what must have been one of the strangest assign-

'In China they kept all the good things and reformed the bad. We have destroyed everything'

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Outdoors: The man who stayed off the mountain VI

How To Spend It: The Seven Ages of Man VI



Fashions: The Victoria and Albert museum needs your clothes IV

Food: Nectar for the gods - made by human hand X, XI

Sport: Striking out for mother Georgia XII

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Continued on Page II

Joe Rogaly

Radical indifference

No wonder only half of those Americans eligible to vote did so

Politicians one and all - up against the effort wall. I take today's tempting text from a small sticker on a lamp-post outside the FT. The version offered here is bowdlerised by the substitution of "effing" for the original. This is in deference to the Christian Coalition in the US and the Moral Twitters who have British politicians over a barrel. We would not want to hurt their feelings by swearing. Bother! I forgot. There is more on that lamp-post. "Voting never changed anything." It says below its opening verse. Bill Clinton and Newt Gingrich could not have put it more succinctly. Before Tuesday's election, the Democratic president was hog-tied by his centrist posturing and handcuffed by a Republican-dominated Congress. Now that the votes have been counted it might as well be Monday. Let us be clear about what this means. The economic policies that have enlarged the distance between rich and poor will remain in place. This is as true in Britain, whose forthcoming election will change nothing, as it is in the US. In Anglo-Saxonia the unleashed free market is on a rampage. Politicians

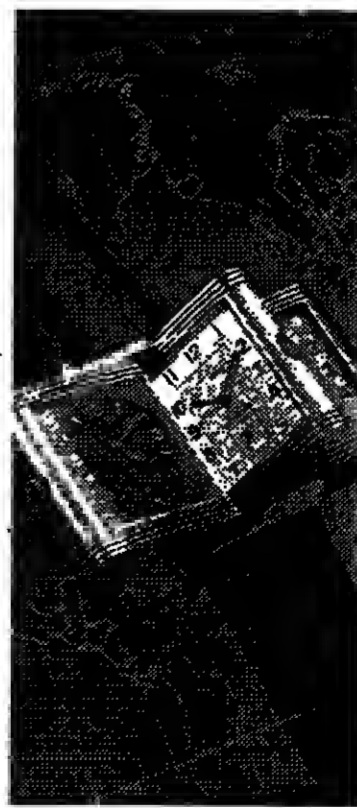
dare not touch it. Perhaps that explains their restricted definition of morality. As used today the word refers almost exclusively to personal behaviour, rarely to growing inequality. In the late 1990s it is not done to question economic Darwinism, certainly not on moral grounds. The well-off can continue to seek further enrichment. Few perceive the hint of revolutionary menace in the sentiments inscribed on our lamp-post. We saw those Communists and big spenders off, says almost everyone, and want nothing further to do with their strategies. Yes, but we have not reached the end of the story. Socialist solutions are no longer acceptable, but the socialist questions which build on discontent with the inadequacies of capitalism continue to be asked. I borrow this observation from an essay by Amartya Sen, a professor at Harvard and a distinguished writer on inequality. It is contained in a new book, *Living as Equals*, published by Oxford University Press. The puzzle is, what do you do about the worst-off among us? Spend more on them? Whose money? Professor Sen agrees that prudent budgeting is necessary

if runaway inflation is to be avoided. But he distinguishes this fiscal conservatism from the drive for a balanced budget in the US, which he calls "anti-deficit radicalism". The items to be axed in the latter cause, he points out, "include several programmes on which the well-being of many of America's poorest rather crucially depends". In the late 1990s, it is not done to question economic Darwinism. President Clinton, who has already wielded the chopper on welfare once, stands ready to slice again. No wonder only half of those eligible to vote did so, while only half of those who voted plumped for the incumbent. The American idealist is a vanishing breed. In his introductory chapter, the book's editor, Paul Barker, reminds us of the ideal promoted by Thomas Jefferson. His draft of the Declaration of Independence asserted that "...all men are created equal". Two cen-

tures later, the celebrated phrase reads like irony. In the ghetto it ceases to be relevant from the moment of conception. Yet Jefferson's destruction of social deference survives in today's American empire, the one that lives in our heads. We colonialists, in Britain, Germany, Russia or wherever, strive to become more like Americans. "France is now perhaps Europe's most Americanised country," writes Mr Barker, citing highways, the "strip" of stores and filling-stations outside towns, fast food; even imitation country and western stingers. In short, most of us have been seduced by America. We should study the conservatives who stand ready to re-shape the American polity. They may be less strident than when they closed the federal government down last year. They have learned that voters do not like to be confronted with the most dire consequences of their unwillingness to pay more tax. They remain, however, as determined as ever to downsize the US public sector, to move inch by inch towards the minimalist state. Their actions have already travelled. The title of a booklet to be published on Monday by Britain's

Institute of Economic Affairs (2 Lord North Street, London SW1E 8LB) tells it all. "Re-Privatising Welfare: After the Lost century," it runs. The IEA asked 10 authors to wonder aloud about what would have happened if the state had not taken over provision of education, health care, social housing, pensions and unemployment insurance. The implication is that these services should be de-socialised again. Madness? Not in Anglo-Saxonia, where the only guarantee of a decent pension in the forthcoming century will be an individual's private arrangements. As to medical care, even Britain's revered national health service is unable to meet the demands of patients who, as consumers, are Americanised. Unemployment benefits are being squeezed everywhere, most recently in Britain by workfare. Taxpayer-financed education may, however, last. The message for the next generation is: look after yourself, for the state will not take care of you, not when you are sick, or out of a job, or old. Of course the young will turn away from politics, and inflict on politicians that which they fear the most. Not the wall just absolute indifference.

ANOTHER TIME, ANOTHER FACE. REVERSO DUO.



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PERSPECTIVES

The Nature of Things / Clive Cookson

News Flash - more life on Mars

The little meeting room next door to the Royal Society was steaming with a crush of journalists who had rushed in from the early evening rain. The press conference could hardly have come at a worse time; at 6pm, it gave those of us working for daily newspapers no chance to think about the information before bashing out reports in time to meet our deadlines.

Under these difficult circumstances, the UK government and Britain's leading planetary scientists last week revealed to the world's media new evidence for the controversial theory that primitive life once existed on the planet Mars.

Museum - tried valiantly to explain what they had done, the news stories in the next morning's papers were far from clear. Most paid too much attention to the scientists' re-analysis of the "second Martian meteorite" EETA 79001, which they had originally investigated in the 1980s.

The UK group has produced evidence to support the Nasa conclusion, by analysing the composition of carbon isotopes in ALH 84001. The ratio of carbon-12 to carbon-13 is exactly what would be expected from methane produced by microbes (whose metabolism increases the amount of carbon-12). And it matches the ratio measured for organic material derived from

ancient microbes in the oldest sedimentary rocks on Earth. Planetary scientists in the UK felt (justifiably) that their research into Martian meteorites had been unfairly ignored in all the publicity surrounding the original Nasa announcement in August. With enthusiastic encouragement from Ian Taylor, the UK science minister, they decided then to organise their own meeting to highlight Britain's contribution to the scientific search for life elsewhere in the solar system and beyond.

Journalists were excluded from the meeting "due to lack of space", and the organisers naively tackled the press conference on at the end of the day, rather than fitting it in earlier. By the time the news-sensitive Taylor had discovered the unfortunate timing, it was too late to change it.

until the publication date. This gives journalists time to investigate and write about interesting research in reasonable depth, and it usually works well. But some findings are simply too important or too interesting to wait. An obvious example was the government's announcement last March of a link between BSE in cows and the human brain disease CJD. Its political and public health implications were so important that the news had to be released immediately, with as much supporting information as possible.

David Price describes his business as "the most dull-sounding enterprise imaginable". Yet he finds the process of supplying footwear by post for swollen and distorted feet challenging, demanding and enjoyable. "It is a business that would drive most people crazy, with elements that are very unattractive, but I find it stretches me to the limit," he said.

"Any sort of home shopping service for the elderly is likely to be difficult to run but I think that in footwear I chose the hardest of all." Nevertheless in the five years since he bought Cosyfeet for £88,000 from the previous owners, Price, 48, has raised turnover from £188,000 to £1.4m and profits from a few thousand pounds to £127,000.



Man with a mission: David Price feels he has 'broken new ground in an important field of healthcare'

Minding Your Own Business

Cosyfeet keeps on its toes

Clive Fewins on how a specialist footwear company has expanded in a difficult market

Price said. "With 75 per cent of our customers over 70 years of age they need great patience." "Getting the customer's name on the phone is usually not difficult, but just about everything else is. The confused elderly often do not know their full address, let alone their postcode. We have to do a great deal of detective work."

Early morning and evening callers to the Cosyfeet headquarters at Street in Somerset are now greeted by an answerphone message in Price's own voice. He admits this is not ideal because the confused elderly like to speak to a real person. "It is a problem we are trying very hard to crack and we will probably lose a bit of growth because of this," he said.

Price thinks that eventually he may be able to organise his own out-of-hours service with phones manned by house-bound and possibly handicapped people. "We need a service that is right for our sort of operation," he said.

Price currently finds himself in a strong position. He owns all the equity and recently paid off the last of the loans which helped him buy the company. He rarely uses his overdraft potential of £75,000.

Truth of the Matter Sharp edge to the moral dilemma

Going through the security check point, I pinged. With the utmost courtesy I was taken aside by the US Security Guard and asked to turn my pockets. Among the random and embarrassing detritus of a three-week visit to Boston was a small penknife in a leather sheath.

Travelling with lethal weapons was an infringement of the law I was gently but firmly informed. I explained that it was a knife I used for sharpening my drawing pencils. Out of another pocket in confirmation I pulled my sketchpad and the 4B pencil. He looked at the sharp little blade with his head on one side and then slid it back into its sheath. "A pencil sharpener, eh?" he mused. "I guess a pencil sharpener is not a lethal weapon, in this case."

companies has simply become too risky. The chances are Kamchatka Trawling would not get paid or would have its fish held in financial bondage by Russia's monopolistic port and railway authorities. Some of the fish is still sold in Russia. It is first processed in Pusan in South Korea, however, sold to Polish middlemen in Warsaw and then exported to Moscow and St Petersburg, explains Sutartina, who sighs at the economic logic of the process.

information technology department, explains how he can access fish prices from around the world using the Internet and displays the home page he has created on the World Wide Web to advertise products. He has also set about installing a computerised financial reporting system and has devised an ingenious system to send and receive information from the fishing fleet via the Internet and a radio telecommunication link halfway round the world in Iceland.

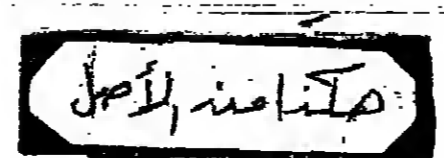
investing in kindergartens for his workers' children? In Soviet times, Abramov says his responsibilities were clearly defined and he was part of a collective decision-making process. Under the planned economy, the Moscow ministries would instruct him what tonnage of fish to catch and the local Communist party bosses would monitor him to make sure he met his targets.

The debates that rage between Abramov and his fellow directors about how the company should be run reflect the views that are sweeping across this vast land. Within Kamchatka Trawling, there are its age-old Russian divisions between westerners, who see the virtues of copying foreign ways of doing business, and Slavophiles, who want to follow a unique national path.

profitable projects. Abramov, though, is unrepentant, explaining many workers can now no longer afford to travel to the mainland for their holidays as they did before. Back in Moscow, the reform process tends to be viewed as an almost Manichean struggle between the forces of light and dark, enlightened progress and benighted reaction, where the questions are simple and the answers clear.

FT-1,000 SCHOOLS In the FT-1,000 top secondary schools supplement (October 28), Prior Park College, Bath, should have ranked 360th. There was an error in the data supplied to us.

highlights the confused thinking and anguished debates of those trying to get to grips with this competitive world, in which the comparisons must be more than local or ostional. One angry businessman, apparently intent on trying to develop the tourist industry, berated his colleagues for overcharging foreigners and falling to match international standards. "The prices in our hotels are \$70 for one room! But a three-star hotel in the centre of Paris offers rooms (with breakfast) for \$55," he wrote. "There are beautiful places elsewhere in Alaska and Canada but there the service is much better. "Kamchatka's uniqueness is a myth."



PERSPECTIVES

Lunch with the FT

The monk who changed tune

Lucy Kellaway talks CDs, celibacy and charm with the worldly Father Anthony Sutch

Muzac was playing in the deserted Al Fresco restaurant of the Bath Spa Hotel...

time at the menu. I said I could not. He seemed to find this funny, and belabored with laughter...

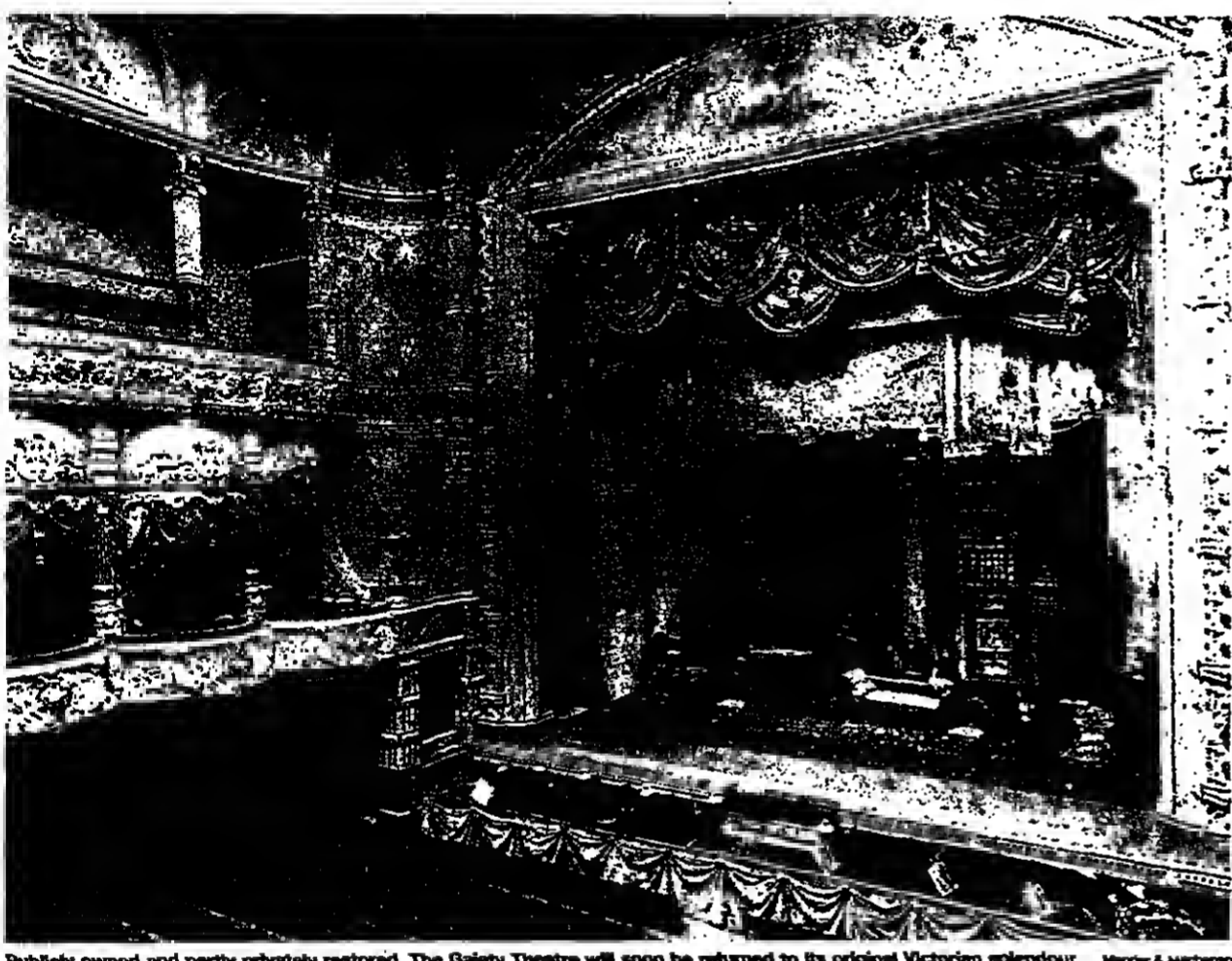
positive not negative. I am not denying my sexuality, I am expressing my sexuality in a different way...



Father Sutch: confesses to living a life of creative tension

mously by someone who said: 'Do you realise that Virgin also produces contraceptives?' I said: 'I happen to know, sir, that Virgin Records is owned by EMI, and he put the phone down.'

wonderfully liberating thing. They pigeonhole me immediately - they think they can't take me seriously...



Publicly owned and partly privately restored, The Gaiety Theatre will soon be returned to its original Victorian splendour

Forward to the past

Richard Lapper on the island that trades on history

Perched between a half-empty shopping arcade and a Victorian hotel on Douglas promenade is the Gaiety Theatre...

Income tax on the island is low but rises sharply when indirect taxes and VAT are included

motorcycle race, which attracts 40,000 visitors a year to the island. Some £5m is being spent on a new Viking Centre...

1995 for 42 per cent of the island's economic output compared to only 39 per cent on the mainland.

Out of line and in stirrups

Natural birth plans have no place in Belgium, finds Emma Tucker

Right from the start, it was going to be an uphill struggle. 'I know what you are going to ask,' said my doctor...

Part of me is curious to know what a contraction really feels like

honest doctor told me she wanted to attend. 'You will come to the hospital tonight, you will first go for dinner with your husband...

WHY SCT IS MUCH BETTER NEWS THAN SKY.

Advertisement for SCT satellite system, including images of satellites and text describing its benefits for business and news coverage.

FASHION

Your country needs your clothes

Search in your attics and rag bags, Marion Hume implores. The Victoria & Albert Museum has gaps in its collection

Why do we have such a knack for overlooking the talents right under our noses? Especially when it comes to fashion, the British seem to believe that foreign is best. And all the while, foreign designers - from Ralph Lauren to Jean Paul Gaultier - are more than happy to be influenced by what Britons first came up with.

After Jean Muir's death last year, a host of fashion folk who had thought her clever tailoring with jersey "boring", suddenly realised what a craftswoman she was. With the untimely death this summer of Ossie Clark, we were astonished by how influential the undisciplined but ferociously talented Ossie had been. Some are garnering newfound acclaim. Rita Watnick, who runs the smartest, high-

priced vintage clothing store in the world, called Lily et Cie in Los Angeles, reveals that her hot tip for the next fashion revival is Zandra Rhodes.

At last it looks as if the UK might be facing up to the fact that, as far as fashion is concerned, it is a country that turns out "greats".

There have been calls for a museum of fashion; some are suggesting the about-to-bevacant Museum of Mankind, just next to the once fashionable Burlington Arcade and a stone's throw from both Savile Row and the re-energised Bond Street.

There are calls at last to recognise the historic importance of the House of Hart-

nell, currently sitting sad and closed on Bruton Street, with murmurs that a preservation order should be slapped on the mirrored and chandeliered interior.

So where does the Victoria & Albert, the museum with the best collection on earth of British fashion, stand on all this? Thankfully, for once, right at the forefront. Though most people with a passion for fashion would agree that the much-visited Dress Gallery needs a face lift, next year, some exhibition galleries are to be devoted to a British fashion retrospective which should garner an international reputation. Called "The Cutting Edge:

Fifty Years of British Fashion", the exhibition, to be held from March 6 to July 27 next year, will focus on the very best from British designers and Savile Row tailors.

From outfits by Ossie Clark and Theo Furler, Manolo Blahnik shoes, hats by Stephen Jones and David Shilling, suits by Hardy Amies and John Galiano and huge ballgowns by Norman Hartnell, the V&A's collection of British fashion is wide-ranging. But pulling next year's exhibition together has exposed some gaps. The 20th century fashion curator, Amy de la Haye, rather hopes that readers of the Financial Times may prove to be just the people to fill them.

So rummage in the attic, lunge into the back of the wardrobe or take a closer look at those strange high-heeled shoes that have been kicking around in a box under the stairs for as long as you can remember.

The V&A is very keen to receive various items as gifts (it is unable to accept them as loans) and they must be in good condition. After their starring roles in "The Cutting Edge", they will form part of the V&A's permanent Textiles and Dress collection.

Romantic, grand, historic... and missing: the V&A is desperate for an ingenue, white debutante's dress. Did you, or perhaps your mother, or even your grandmother once wear such a gown? It must date from between 1947, when the London season was revived after the second world war, and 1958 when formal court presentations ceased. It must be by a famous

British fashion house such as Victor Stiebel, Hardy Amies, Peter Russell, Angèle Delanghe, Bianca Mosca, Charles Creed or Norman Hartnell. If you have such a gown packed in mothballs, the V&A would be delighted to give it its second very public, grand airing.

You probably thought about cutting it up for dusters or patchwork but thankfully never did? Such seems to be the fate of many a flowery summer dress by Horrockses, a label once so

People wore their metallic leather platforms until they fell apart

familiar to the British summer. The V&A is looking for a full-skirted, cotton day dress from the 1950s with a glorious overblown rose print, to represent the Horrockses label, launched in 1946 as a subsidiary of Horrocks, Crewson and Co (founded 1782).

So many of them were so loved they simply wore out. But someone must have the quintessential English summer dress of the 1950s, with its New Look silhouette of neat bodice and huge skirt.

Maybe you preferred the more formal "furred umbrella" silhouette? Did you buy the Matita floral print suit that Vogue declared "new" in April 1954? It was black and white, in cotton piqué - "Closely printed, closely cut. Sleeves stop short of the elbow,

below creasing point." Back then, it cost 21½ guineas at Peter Jones; Williams & Hopkins, Bournemouth and Kenneth Kensington of Newark. It is worth a great deal more to the V&A now.

Did you hate all that, and rebel against it? Were you truly groovy in the 1960s? And did you flout convention, and your mother's wishes no doubt, and get married in a get-up that she warned would embarrass you later on? Have you hidden the wedding photographs, but do you still have the gear?

Perhaps a crushed plastic trouser suit with a space age helmet instead of a veil or a daisy-trimmed organza mini dress with matching bonnet and tights? The V&A has a fine collection of traditional wedding dresses, but lacks a radical, unconventional version.

Men can dig in their wardrobes, too. The museum is eager to acquire a kaftan, from a bobemian gentleman of style in the 1960s, which will prove that this past summer's kaftans by Gucci were not so new after all.

Before you became a guy with a tie, a man in a suit, did you shop at Christopher Gibbs' boutique, Stuck on You? Were you a trust-fund hippy in beads and shades and a kaftan to the floor? The V&A would be most happy to take it off you.

Or were you always much too proper for such tomfoolery? Perhaps your idea of a jolly good time was at Henley (and why not indeed?) where you wore a glorious striped blazer with cream flannel or linen trousers, a hoater, canvas shoes and your club tie. You may have stored the whole ensemble for years and would be happy to see it on show.

Think glamour, think party, think blue eyeshadow up to your eyebrows and an Antony Price dress poured over your curves. It is the early 1970s, and on your feet, if you are really glamorous, you have a sky-high pair of Terry de Havilland shiny, glittery platform shoes.

Too many people wore their metallic leather platforms until they fell apart. The museum needs a pair in good condition.

The V&A is also looking for one specific handbag, a plastic clutch resembling a laminated newspaper from the 1950s. Failing that, any unusual plastic 1950s style would be welcome.

If you find any of these collectibles, Amy de la Haye would be thrilled to hear from you. Write or fax (not to the Financial Times please) with full description and/or snapshots to: Amy de la Haye, The Cutting Edge Textiles & Dress Department, Victoria & Albert Museum, London SW7 2RL. Fax 0171-938 8423.



NOW, JERMYN STREET IS NO LONGER JUST FOR THE BOYS

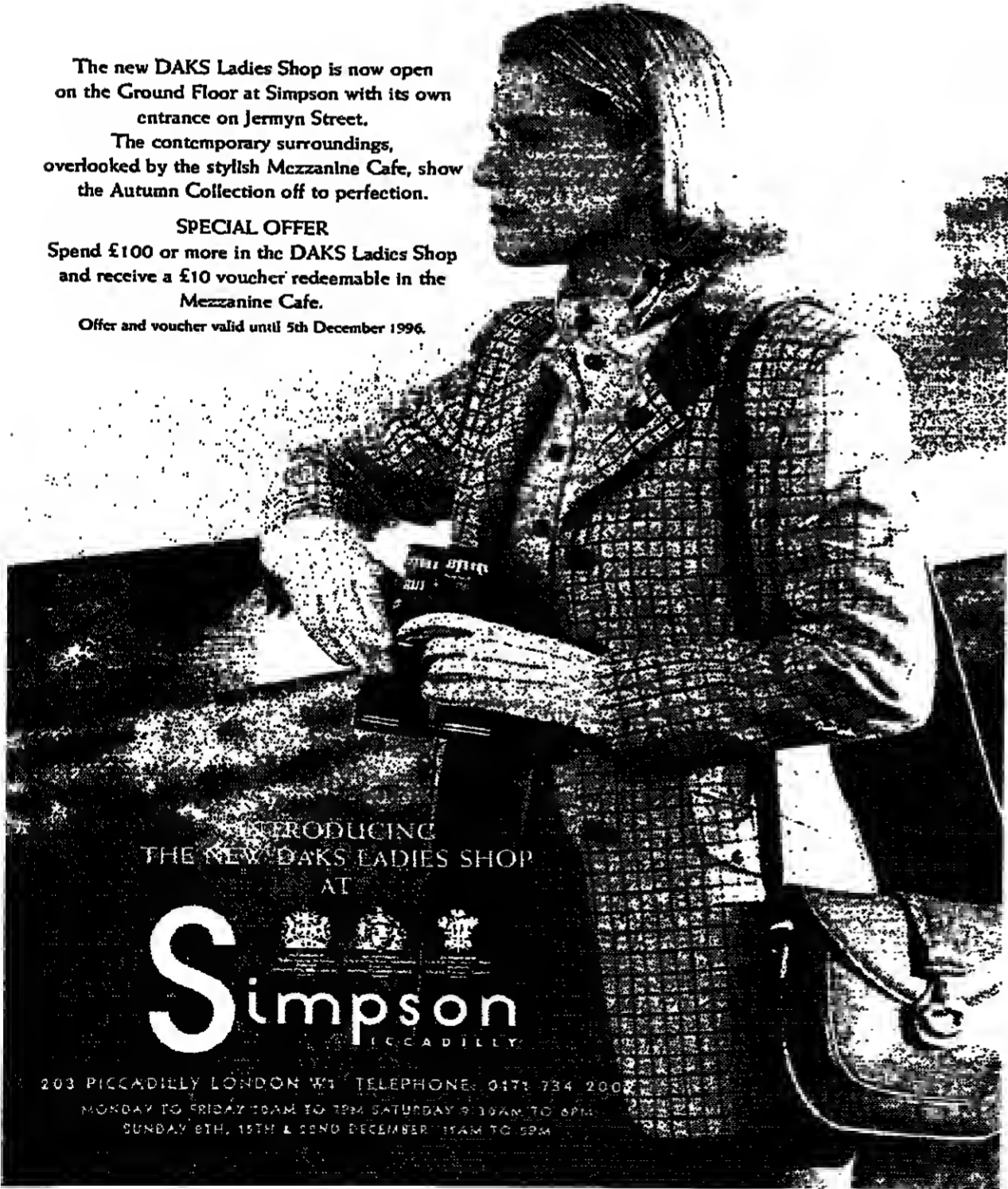
The new DAKS Ladies Shop is now open on the Ground Floor at Simpson with its own entrance on Jermyn Street.

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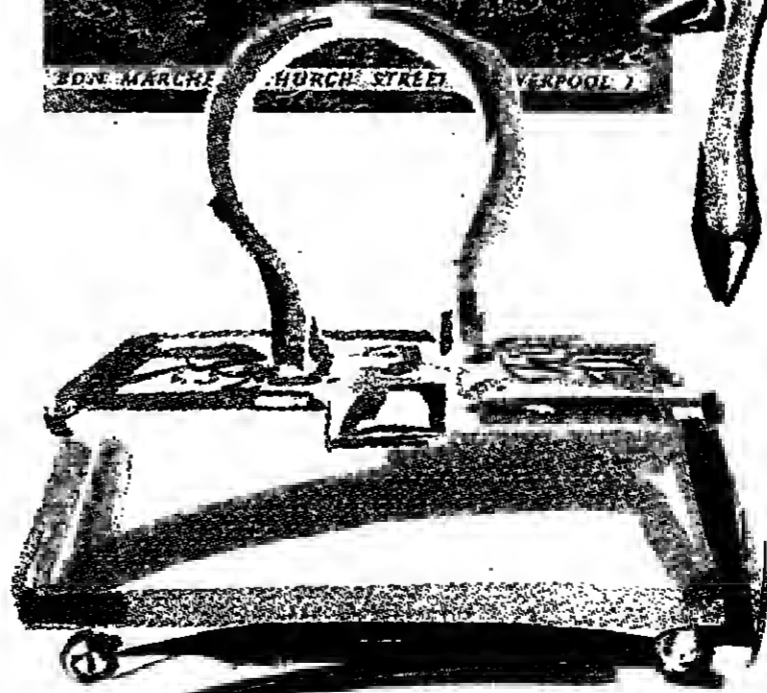
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Gaps in the V&A's wardrobe include:
 ■ Top left: a white debutante's dress, but it must be British;
 ■ Centre left: a daisy-trimmed organza mini-dress and bonnet with matching tights;
 ■ Above: Matita floral print suit;
 ■ Left: an original rose print Horrockses summer dress;
 ■ Below: an unusual Perspex handbag from the 1950s.

Illustrations by David Downton



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HOW TO SPEND IT

A pukka way to wear Indian

Lucia van der Post visits an emporium in London where the fashionable set are regular visitors

As Jemima Khan, wife of Imran and daughter of Sir James Goldsmith, has taken to looking so fetching in her salwar kameez, so dressing Indian-style has become increasingly popular with the young fashionable set.



A long, silk embroidered black, brown and rust evening coat, £580

A Jeeves for all

There aren't many of them but there are a few - men in the public eye who manage to look immaculate every day of the week.

contemporary clothing. Her salwar kameezes come in a huge variety of fabrics from the simplest of cottons to delicate silks.

For those who feel that a western woman in Indian dress looks as if she's wearing fancy dress, Kumar has sober, toned-down versions which look more at home in Britain's grey light but still offer all the comfort of easy drawstring trousers and loose tops.

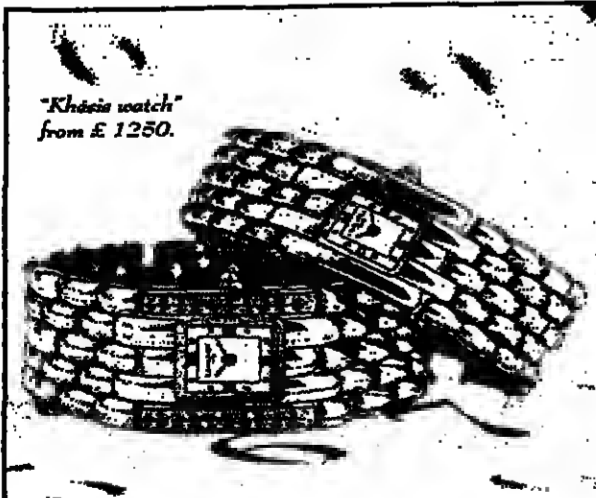
These days Kumar uses the chicken work on clothes (on cotton it makes good cool, sturdy and beautiful hot weather clothing) as well as on tablecloths, curtains and other textiles.

Look out, too, for printed leather handbags, printed soft suede gilets and, for autumn, beautiful brocade and soft suede coats with fine silk linings.

Among the smaller objects in the shop, hand-embroidered silk cushion covers sell for £30, while silk scarves, often featuring motifs from paintings or old monuments, also sell for about £20 each.

Those who use him (as to their identity, my lips, alas, are sealed) swear by his skills at resurrecting ancient pairs of suede shoes, or restoring much-used Savile Row suits to their former glory.

Those who don't feel their wardrobes warrant the full-blown services can use him as little or as much as they like. He offers a collection and delivery service, from home or office, on a



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weekly, fortnightly or monthly basis. He also has a 24-hour service for the sort of emergency that can overtake the best-laid plans (tiramisu on the only dinner jacket, shirt on the pin-tucked shirt, that sort of thing).

Prices range from £4.50 for a really good shoe polish and £10.50 for a pair of riding boots, to £10.70 for sponging and pressing a two-piece suit, £14.20 for cleaning a two-piece suit. There is a minimum charge per visit of £25.

The Burford Valet Service is based at Unit 8, Hackford Walk, 119-123 Hackford Road, London SW9 0QT. Tel: 0171-783 0151.

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Louis and Tiffany Dubin: met in Palm Beach and honeymooned in Papua New Guinea, Bora Bora and Australia

'The balance is perfect'

Two busy working and social lives, a baby and a nanny. Karen Fricker reports

The story of Tiffany and Louis Dubin's meeting and courtship could be entitled 'A Tale of Two Cities'.

After two disastrous dates in Washington (he was 'sort of a jerk', she says), the two met again one winter in Palm Beach.

Tiffany, aged 30, works at Sotheby's and is a contributing editor to House and Garden, and Louis, 33, is founder and president of the Athena Group, a private real estate concern.

My job at Sotheby's is to be a sort of personal shopper. I make clients' lives easier for them - show them around, send them catalogues, bid for them, ship their furniture, help them get it cleaned, do their billing...

During the Jackie O auction everyone in the building was here until 11 every night - Louis didn't see me for two weeks. It was an exciting thing to be part of.

I have never been a mad joiner and have pretty much tried to avoid committees and boards, though lately I've become involved with Literacy Partners and it teaches adults to read.

important cause. And I have just joined the Special Projects Committee at Memorial Sloan-Kettering Cancer Center.



market is four blocks away - but that doesn't matter, because every store delivers.

I love going to auctions and flea markets, though the flea markets here aren't as good as in Europe.

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together casually with another couple or on our own. Our favourite restaurant is a Vietnamese in Chinatown.

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York. Louis Dubin: 'Having the baby has sure been a big change - but a great change. We live a block away from Central Park and we are always there with her. It's fantastic what they've done with the park these past few years.'

The Central Park Zoo is great. We keep on meaning to get a family membership. The key to keeping your composure in New York is

being able to walk everywhere. Most of my life here is walking. It makes for a pleasant lifestyle - you are not in the craziness of gridlock. I walk to work every morning.

York Times, the New York Observer, The New Yorker, Forbes, and a lot on the history and current political environment in Russia and central Asia.

I have a low degree from Washington Law School in real estate and land use law, but I never intended to practise. What I am doing now - developing and investing in buildings - is what I have wanted to do since I was born.

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Advertisement for Belgium survey. The Financial Times plans to publish a Survey on Belgium on Tuesday, November 19. The yearly survey on Belgium will focus on: Belgium and its preparation for the European Monetary Union, The main industrial sectors of chemicals, pharmaceuticals, metals and the oil industry, Banking & Finance in Belgium, Belgium as an attractive centre for investment, Profiles on Sabena, Belgium's national airline, and Belgacom, the telecommunications group, Tourism.

HOW TO SPEND IT



The team behind The Source: each is holding a favourite piece of merchandise. ■ Centre (all in black) is Polly Dickens, the general manager, holding a 16th traditional Milanese florist's vase, £11.50. ■ Back row, left to right: Elliot Miles, tabletop specialist, with a magnolia pitcher, £8.95, and a selection of bowls, £9.95 each; Stan Baker, cash office assistant, with a selection of children's bath accessories, wash bag, £8.50, sponge, £3.50, and mitt, £3.50; Andrew Minns, floor manager, with a bundle of towels, £15.95 each; Justin Deedung, cash office specialist, with a selection of plastic baskets, £4.95; David Shaw, cookshop sales assistant, with a children's four-sheaf sweater bag, £12.95. ■ Middle row grouped round Polly Dickens, from left to right: Sarah Gaywood, cookshop specialist, with a waffle kimono, £29.95; Tracey Norton, press officer, transparent bin, £13.95; Ballu Osborne, textiles sales assistant, with a silk cushion, £11.95; Odette Tait, decorative sales assistant, with a floor-wear cardigan, £12.50; Mei Chung, wedding list specialist, with a professional's frying pan, £33.95; and Glenn Scrivens, textiles specialist, with a chrome towel rail, £19.95. ■ Bottom left is Lindsey Harrison, lighting specialist, lying on a kids' bean bag, £19.95.

A Source of inspiration

A supermarket for the home is to open in Kensington. Lucia van der Post reports

Regular readers may remember that in March I reported on a new retail venture by Sears called The Source. It was not the sort of place readers would be likely to trip over on their way to Harvey Nicks - at the time its only two branches were destined for the barren wastelands of out-of-town retail parks.

Based on the success of American operations such as Crate & Barrel, it seemed to be one of those "concepts" perfectly designed for this brave new world of vast hangars, almost limitless choice and low prices.

What it sells is all the small appliances that it takes to fill the modern home. It is not quite a "category killer" - an all-American concept that kills off most of the opposition by providing every possible

choice at impossibly low prices in a given category. Nevertheless, it aims to give vast choice and low prices in the realm of small furnishings and home accessories.

Where it differs from "category killers" is that Polly Dickens, its general manager, had distinct ambitions in the realm of taste - she aimed to make it stylish and inspirational without charging high prices. "Nothing over £100," was her proud boast.

Of course, there is stylish and stylish. The first branch I visited at Thurrock Retail Park in Essex was filled with the sorts of products that our western culture has taught us to believe are essential for modern life - cushions and glass, linen and china, kitchenware and lighting - but there was little danger of confusing it with The Conran Shop or the home furnishings floor of



Straight-sided jug, £4.95; pouring bowl with handle, £8.95; and beech chopping board, from £4.95

Harvey Nichols. But the big trade-off that the out-of-town retail parks offer - low prices - was evident. There were thick creamy jacquard bath sheets at £22, ready-made muslin curtains for £14.95, small rugs for under £30, plates at under £4 a time and so on. The average level of taste was high but the general impression was one of cheerful brightness rather than exclusive editing.

Now, however, Dickens, backed by Sears, has definitely upped the ante by bringing her "concept" into a prime inner city area and offering the same prices and the same choice. Sears has picked one of the choicest bits of real estate in Kensington High Street: the old Hyper Hyper building is being transformed to open as the third The Source branch in the UK on November 23. Here, in a fine 1920s building, is 23,000 sq ft of posh shopping space. Behind the exterior was discovered what Dickens calls a "Miss Havisham of a store". There are amazing cornices and ceilings, original parquet flooring and a skylight which gives a great feeling of space and light.

Since I visited the Thurrock store last March, the buying team has been working on developing more lines which are exclusive to The Source. (Personally, I shall rather miss the kick one gets from buying the lines being sold at much higher prices in such posher stores.)

When the new branch opens, Dickens tells me 40 per cent of the products will be own label and exclusive to the chain.

The team has been to Portugal for china and glass and there is some fine ribbed

The Seven Ages of Man
All the stores are a stage

Lucia van der Post is inspired by Shakespeare as she plans her Christmas shopping campaign

L. The Infant
The big question of this season is always Will He Like It? With just seven weeks left to Christmas. How To Spend It will tackle each of the seven phases of manhood, as eloquently defined by Jacques Shakespeare's clown, in *As You Like It*.

With the bard as inspiration, and the understanding that all the stores are a stage, we will go shopping each week with the aim of satisfying the seven phases of male evolution.

We begin with "the infant, mewling and puking in the nurse's arms". He is, of course, too young to require much more than warmth, food and a dotting mother-figure. So this is a perfect opportunity for the present-giver to come up with something that may perhaps please the infant's parents as much as the child - perhaps a humorous, soft-as-butter cashmere shawl (sketched below) from The White House, 51 New Bond Street (2195) or an enchanting piece of babywear, specially knitted to order. Matinee jackets from grand baby shops such as The White House and Harrods cost about £30 but they can be ordered and knitted in almost any size or pattern from Fair Isle, 40 High Street, Marlborough, Wilts SN8 1HQ, (01672-512519) for £8.50.

For presents that will last forever what about laying down some wine or port? Traditionally given as Christmas presents, either-world make equally splendid Christmas gifts. Those who know what they are doing can buy through auction houses. We found the wine department of Harrods exceptionally helpful but, when it comes to making it really easy, it is hard to beat Berry Bros of St James's, London SW1 (0171-396 9600). It has schemes for laying down port and wine, as well as cellars in which you can keep it until the infant comes of age. Six bottles of port cost £143 (plus VAT), plus an annual charge of £5 for looking after it.

Antique or secondhand books are another splendid idea. First editions have a special magic attached to them but that is reflected

Shakespeare's Seven Ages
All the world's a stage,
And all the men and women merely players.
They have their exits and their entrances,
And one man in his time plays many parts,
His acts being seven ages. At first the infant,
Mewling and puking in the nurse's arms.
Then the whining school-boy, with his satchel
And shining morning face, creeping like small
Puppy to school. And then the lover,
Sighing like furnace, with a woeful ballad
Made to his mistress' eyebrow. Then, a soldier,
Full of strange oaths, and bearded like the bear,
Lithic in honour, sable and quick in quarrel;
Seeking the bubble reputation
Even to the canker of death. And then the justice,
In fair round belly with good capon lined,
With eyes, signifying, and beard of formal cut,
Full of wise saws and modern instances;
And so he plays his part. The sixth age shifts
Into the lean and slipshod pantaloon,
With spectacles on nose and pouch on side,
His youthful hose, well saved, a world too wide
Of his shrunken stomach, and his big, round belly,
Turning again toward childish treble, pipes
And whistles in his sound. Last scene of all,
That ends the strange eventful history,
Is second childishness and mere oblivion,
Sans teeth, sans eyes, sans taste, sans everything.

in the price tag - according to Edward Maggs, of Maggs Brothers Antiquarian Books, 80 Berkeley Square, London W1, a good contemporary edition can often give as much pleasure and represent better value (prices vary and if the dust jacket is still intact you will have to pay more).

A good set of *Winnie the Pooh* books without dust jackets would probably sell for between £300 and £400. With dust jackets the price would be more like £2,000.

A first edition of Beatrix Potter's *The Tailor of Gloucester* went for £1,150 the other day. David Hyles of The Canterbury Bookshop 37 Northgate, Canterbury (01227-464773) specialises in rare editions of children's books - probably beyond the means of all except serious collectors. But editions of *The Lang Fairy Books*, attractively bound, can be found for £150. Heywood Hill, 10 Curzon Street W1 (0171-629 0647) is another source for old children's books and there is a selection at well under £100.

Tiny babies, we are told, see only in black and white but they still love having things to look at in prams and cots. *Winnipeg Ferguson* does marvellous graphic pictures, all in black and white which can be pinned on walls or hung from the cot. They are £10.75 from Peter Jones.

Later on, when they can appreciate colour, there are the "Living Reef" fish tanks which seem to beguile adults as much as children. In the UK they are stocked by The Leading Edge stores, such as the co-cession in Selridges, Oxford Street, London W1 or by mail order (0171-499 7891) but they only stock the small size at £24.99. Much bigger ones can be bought from D.O.M., 2 Rue Renard, 75004 Paris (42 78 10 36).

Music is loved from a very early age and clown museum music-boxes, designed by Sanjyo of Japan but made in Taiwan, offer lots of innocent pleasure for just £6.95.

For the small set wanting to keep up with their siblings, a pair of miniature Doc Martens should go down well. They start at size 8 and cost £27.99 (for stockists, tel: 01604-494262).

I've never known a child not care for a bear. The best are antique - Teddy Bears of Witney, Oxfordshire (01993-702616) are the bear specialists *par excellence*, and they sell both old and new. For those who can't afford antique prices, Boyds Bears come really "antique" and have much the same charm. They cost £70 each.

When it comes to toys, remember that many of the best are the enduring ones. And the toys given to the future King of France, Louis XIII, in 1601 would go down well with most of today's little ones. Anita Schorsch's book *Images of Childhood* tells us that he had a hobby-horse, a windmill, a whipping top, a tambourine, soldiers, a cannon, a tennis racket, a ball, clockwork pigeon, scissors, cutting papers and dolls (male only). Buy any of these (perhaps not the cannon) and you can't go far wrong.

If you are still stuck for ideas, Tridians has five shops, plus an excellent mail order service (tel: 0890-138002). It has some splendid old-fashioned wooden toys, such as Brio, as well as masses of tiny stocking fillers and tree presents.



A Boyds Bear, cashmere shawl, and Doc Martens boots. Brian Poole

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OUTDOORS

Spiralling towards a volcano in the ice

Christopher McCooley takes a close-up look at Iceland's latest eruption, as the floodgates open

Mother Nature was not cooperating. We were going to have to take risks. We began our flight from Reykjavik in clear blue skies, heading due east. Approaching the giant Vatnajökull glacier it was still fine. But over the grimy moraine edges of the ice, the weather closed in.

could be seen through the murk, and then a chasm filled with melt water discoloured by volcanic ash. We glimpsed it just for a few seconds but it was awesome: nature in the raw, an untamable earth force of immense power.

An enormous lake of melting ice, that had been lying under the glacier since 2000-2001, began to flood out last Tuesday, washing away road bridges and power lines in its path. The islanders could only watch and wait.



Other attractions: curling, skating, and perhaps church

volcanoes, at least 30 have been active since the country was settled first by Irish hermits in the 9th century and then, permanently, by the Vikings from AD874. There have been more than 150 recorded eruptions, on average about one every five years since recording started.

in such areas simply add to the beautiful, primordial desolation. There were no fatalities even when seismologists failed to predict an eruption on Heimaey Island, the only inhabitable island of the Westman group, off Iceland's southern coast, during the night of January 23 1973. The island's population was evacuated to the mainland in hours. The eruption, which lasted until May that year, left half the town submerged in lava while the rest was covered in thick layers of ash.

improved. Most of the inhabitants were eventually able to return to their homes. Submarine eruptions are frequent off the coast of Iceland. An eruption off the Westman Islands in November 1963 created three islands, one of which, with an area of 1.5 square miles, has endured to become Sursey.

bled into life 18 times. In March 1947, the initial eruption column of lava, ash and dust rose 100,000ft into the atmosphere. The seismic activity lasted 13 months and the lava covered 25 square miles. The volcano Katla, hidden beneath the ice of the Myrdalsjökull glacier in south Iceland, has erupted at least 13 times in recorded history, most recently in 1918.

The man who stayed off the mountain

Peter Fairley finds plenty to do while the rest of his party spend their days on the piste

I cannot ski - never have, never will - but my wife can. So can her friends. So while they went on piste, I stayed very definitely off piste, at the bottom of the mountain, and loved every minute of it.

drinking coffee and schnapps from an ice-bar and watching young people chip away at the blocks with shovels and axes. As the days went by the shapes emerged - a robed monk here, a griffin there, a Disney character, even an Olympic medal.

coloured ants on the ski slopes, and men downed thimbles of schnapps in one. Walter Frenes, president of Top-Ed, an alliance of 16 Austrian ski resorts, including Seefeld, explained why it was mostly locals taking part. "It used to be off the slopes and into apres-ski at 5pm," he explained. "But fashion has changed. Now it's into the sauna."

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Off the off-piste: Peter Fairley, non-skier



Schnapps and sculpture: an ice bar in Seefeld



That evening, when my wife took off her ski boots for the last time, she asked: "What did you do today, dear?"

Why settle for third place?

Arnie Wilson has advice for skiers preparing to enter a race

Initially intended to. Whatever the standard of the race, be it anything from a genuinely "fun" affair with face paint and balloons, to a full-blooded giant slalom, it is a good idea to prepare for it.

Getting fit, or at least fitter, is an obvious priority. Exercising on grass around slalom poles is an eccentric but effective way of combining fitness with gate-training, but presumably most skiers would not want to go to such extremes just for a quick fun-race.

Forget questions about technique, concentrate on breathing' altitude. You can strengthen your quads - your main thigh muscles - by doing squats with weights.

Films, on a nine-mile (14km) course, is easy cruising requiring long skis, although the tricky Platt Alva section should make greener intermediates stick to their normal length.

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PROPERTY

Leasehold on its last legs

Gerald Cadogan on why it is now easier for tenants to obtain freeholds

Leasehold is fading as it gradually becomes easier to "enfranchise" (obtain the freehold) leasehold properties. Several factors are easing the process of enfranchisement, not least of which is the acceptance by those in the property business of the Leasehold Reform, Housing and Urban Development Act 1993.



PRINCESS SQUATTING BEARS CLAIMS TO THE RIGHT TO ENFRANCHISE THE PROPERTY WHICH IS AN ANCIENT TRIBAL LAND.

Three years after it came into force, it has become a normal part of the central London property scene, as increasing numbers of owners enfranchise their leasehold or obtain a 90-year extension on the lease of their flat in cases where enfranchisement is not allowed or difficult.

But, for the residency test, it is not essential to have been a leaseholder all the time to qualify, says Charles Boston, of valuation surveyors Boston Carrington Pritchard: "Someone who rents and then buys the lease could pass this test."



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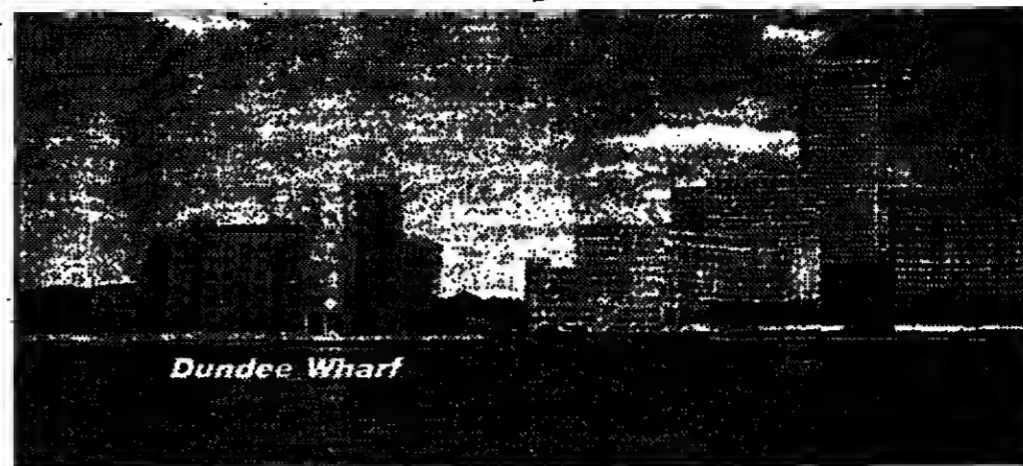
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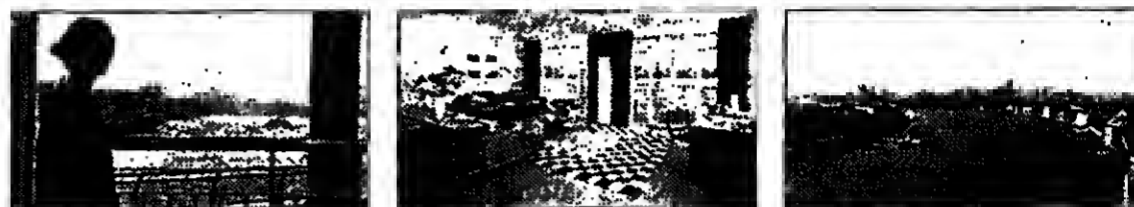
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SPORT

Sporting Profile

Prince of razzmatazz

Keith Wheatley meets boxing's greatest exhibitionist, Naseem Hamed

Detractors who accuse Naseem Hamed of being a posing, prancing show-off who demeans boxing - and there are quite a few - should pick up a new video entitled *Licensed to Thrill*.

Half autobiography, half fight sequences, it contains previously unseen amateur footage of Hamed as a Sheffield schoolboy. All the current mannerisms are there in the unformed 14-year-old - the somersault over the ropes into the ring, the open taunting stance, the cheeky gap-toothed grin at the opponent. Hamed was doing this stuff when his income was pocket-money from his shopkeeper father rather than £1m per fight from Sky television.

Brendan Ingle, the trainer/manager who has looked after Hamed since he was seven, often looks uncomfortable with his star's posturing but admits that it is innate, rather than dollar-induced, hype. "The razzmatazz has been there since his first fights as a kid," recalls Ingle. "It's just got a little bigger along the way - which often happens in boxing."

Tonight, the cathode hysteria will be on display at Manchester's Nynex arena when Hamed fights Remigio Molina of Argentina as part of what is probably boxing's biggest bill for a decade.

Nigel Benn's return super middleweight bout against Steve Collins is part of the same UK show, while in Las Vegas and linked by satellite Mike Tyson is

taking on Evander Holyfield. While Molina is not currently a title-holder he is unbeaten in 27 fights and rates number one in the Latin American rankings. It represents a tough challenge for Hamed after his August fight against Manuel Medina in Dublin that went 11 rounds and nearly cost him his world title. "Looking back at the video of that night, I can't believe the state I was in," Hamed recalls. "I was not fit enough to fight but to sustain that until the 11th round and then win on a technical knock-out was a wicked performance."

At home in Sheffield the young fighter's life is somewhat removed from a self-styled Prince. His Yemeni parents keep a corner-shop and until recently Hamed lived above it. He now shares a detached modern home, comfortable but not ostentatious, with his brother Riath, who is also his commercial manager.

"The stereotypes around Naz make him appear this little monster who jumps in the ring and beats people up, but there's a quiet different personality outside that," said Riath. His client's blue-chip endorsements include Audi, Adidas and next month he begins a big poster and TV commercial campaign for Pepsi. Those who have visited "the Prince" at home say that his manic posturing and laboured habit of talking about himself in the third-person disappear the moment he is through the family portals.

He lightly dismisses media reports that he became a fighter

through having to combat boyhood racist attacks as "paper talk".

"I was a very confident kid, and I had a reputation at school that if you messed with me you were going to get stressed. But there was no racism," he recalls. Hamed was seven when he first stuck an inquiring nose around the door of Brendan Ingle's gym, close to the family shop. The Irish trainer saw the potential for the tiny schoolboy to become what he says is "the best boxer Britain has produced in 50 years".

Despite winning seven ABA junior titles, Hamed was unpopular within the amateur boxing bureaucracy. His showmanship and habit of mixing rapid-fire Arabic with five-talk English proved unpopular. Ingle warned him that "office politics" might keep him out of the Olympic squad and a medal at Barcelona.

After leaving school at 16, Hamed spent two years as a trainee telephone engineer before qualifying and turning professional in the same month. "I liked it, passed my exams and I could still fix your phone," he laughs.

The fight that Hamed's many admirers ultimately want to see is against Mexican bantamweight world champion Marco Antonio Barrera. There have already been offers and counter-offers but it appears that the Mexican does not want to meet the British fighter at a weight Hamed is comfortable with.

Meanwhile, fresh from his 43rd

straight victory, Barrera, 22, told a recent interviewer that the Briton was ducking a meeting. "Hamed has never met anybody. He fights old men but he never fights top boxers like I do. When people ask me about fighting him I tell them that watching him fight is like watching a circus act," he said, after beating Jesse Magana last month. Just 4lb separate Hamed from Barrera. However, those 4lb are likely to be a crucial stumbling block to a fight actually taking place.

Barrera's management insists that Hamed must meet their man at 122lbs (55.8kg) compared with his natural featherweight level of 126lbs (57kg). The medical authorities responsible for safety in boxing have identified enforced weight loss as the most dangerous single factor in the fight game.

Despite his superior record, the Mexican earns nothing like the purses that the British fighter earns.

"I know the type of purses Barrera has been paid for some of his defences and they are nowhere near my offer," insisted Frank Warren, Hamed's handler. When it comes, the fight will attract audiences that previously only Frank Bruno could attract in Britain.

"It's not about boxing, is it?" asks Hamed. "It's about watching this little guy on the telly tonight. He's so flash, so cocky that you want him to take a right lesson but somehow he always wins. A lot of people tell me that."



The flash, cocky fighter from Sheffield tonight meets non-title-holder Remigio Molina of Argentina

Alagon

Football

Striking out for mother Georgia

England face determined opponents today in Georgy Kinkladze and team-mates, says Bruce Clark



Paragon of virtue: Georgy Kinkladze is a virtual teetotaler

Gorgia's most famous Mum flutters her long eyelashes and sighs deeply as she recalls the childhood of Georgy Kinkladze, the little paragon of virtue who has electrified soccer fans from his sunny homeland on the Black Sea to the gloomy streets of Manchester.

"As soon as Georgy went to school, I took a job there as a teacher, just to keep an eye on him and make sure he learned about our history and culture," declares Khatune Abashidze-Kinkladze, presiding over a table that groans with the Georgian dishes she loves to cook her son, wherever he is.

"But I always used to tell him I couldn't stop him smoking or drinking if he wanted to - so I think it must have been some inner voice that made Georgy so serious-minded and abstemious," she enthuses, bristling with fierce maternal pride.

And it is true that her son differs in one important respect from the Bests, Maradona and Gazzas whom he seeks to emulate: he is a virtual teetotaler with no known vices other than a penchant for Chinese food when his mother's cheese pies are not available. A very Georgian combination of virtues comes

together in the lady who brought an unco-operative UK Home Office into letting her live in England for most of the past year, so she could observe at close quarters her son's dazzling career at Manchester City.

Like many of the 70,000-plus fans who will pack the Tbilisi stadium today, to watch Kinkladze and his team-mates square off against England, she is warm, theatrical, hospitable, fashion-conscious, devout and fiercely patriotic.

"At first, the British authorities didn't understand when I told them I wanted to look after my 28-year-old son," she huffs. "But I tried to explain to them that in my country, even people of 100 still think of their 76-year-old offspring as little children."

From his mother and his father Robison, the chairman of the Tbilisi football club Lokomotiv, Georgy learned to rejoice in the exploits of his country's medieval monarchs, Queen Tamara and King David - and pity the Russians because they only embraced Christianity 10 centuries ago, nearly 700 years after Georgia.

And in the Land of the Golden Fleece, where every taxi-driver and fruit farmer can quote a line or two from

an ancient epic poem, Georgy himself is rapidly becoming a legend. "He's a kindly and fair-minded lad who's hardly ever seen a yellow card," rushes his uncle Beso Abashidze, a soccer coach himself.

But for all the adulation he receives in his homeland, the cult of Kinkladze in Saint George's other kingdom is at times even more fanatical - and it can take on dimensions which the romantic and soccer-mad Georgians find puzzling.

Despite coming from a country where acquaintances kiss one another on the cheek several times a day, the Kinkladzes, mother and son, are nonplussed when their walks through Manchester are interrupted by strangers who insist on kissing the soccer star's legs.

The short, flashy midfielder the fans know as Kinky was snapped up by Manchester City for a reported £2m fee after starring in Georgia's astonishing 5-0 defeat of Wales in November 1994. It was an inspired move by chairman Francis Lee and manager Alan Ball which helped lift the club from the gloom of relegation.

Both men, incidentally, get high marks from Khatune: "They've been so considerate to Georgy, they never leave

him alone..." But admirers wonder how long the Maine Road club will be able to hold on to a player whose market value has risen at least sixfold in the last two years.

In August, Manchester City's bosses told an inquisitive Sheffield Wednesday they estimated Kinky's market value at not less than £15m. In any case, the Mancunian side is so pleased with its Black Sea prodigy that it has acquired another Georgian player, Mikhail Kavashvili, and is in the process of taking on a third.

Georgia's youth certainly needs all the positive role models it can find. A couple of years ago, the most obvious way for an energetic Tbilisi lad to distinguish himself was to join the ranks of the robbers and racketeers who terrorised the city until President Eduard Shevardnadze finally brought them to heel.

The current revival in Georgia's footballing prowess and the emergence of Kinkladze as a clean-living hero has been a powerful symbol of the country's recovery from post-Soviet mayhem.

Georgia experienced more than its fair share of that chaos, and its footballers did not escape. The standard of Georgian football sagged after early 1990 when the

republic, in a burst of nationalist pride, quit the Soviet team to which it often contributed two or three players.

Full independence in 1991 triggered a wave of political and criminal violence which left the Georgians little time to think about soccer - although one championship game was played in the besieged city of Sukhumi, a few miles from the front line of a middle-sized war.

Six members of the current national squad are refugees whose families were forced to flee the coastal region of Abkhazia, along with 250,000 of their compatriots, after Georgia lost that war.

Kinkladze and all his team-mates have lost friends in Georgia's internal bloodletting. He has told interviewers that his first few months in England were haunted by images of gangsters and shoot-outs in his new home city.

But his memories of early childhood are, of course, much pleasanter. Apart from his parents' lessons in patriotism, an important formative experience was the delirious rejoicing which broke out in the Georgian capital in 1961 when Dynamo Tbilisi won the European Cup Winners Cup.

One of the heroes of that

period, a former Soviet soccer captain called Alexander Chivadze, is now the Georgian national coach. A stocky, mustachioed figure with a wolfish grin, he predicts another footballing craze as Kinkladze and his contemporaries inspire a new generation of Tbilisi schoolboys. "I can feel another boom coming on," he says.

Nothing could serve that purpose better than a victory against England today. Georgians firmly believe that football was introduced to their country by sailors from an English warship which sailed up the Black Sea coast about a century ago.

It so happens that a British battleship is paying a courtesy visit to the Georgian port of Poti this week. But this time round, it could just be the Georgians who give their Anglo-Saxon visitors a footballing lesson. If that happens, the cries of joy from the Tbilisi stadium will be as loud as far away as Manchester.

"I think it would be very hard for our team to beat England in an away match," says 17-year-old football fan David Baramidze. "But our 70,000 spectators, many of whom have paid a month's wages for their tickets, will make a big difference."

Bewar
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OUTDOORS

Fishing / Tom Fort

Love of the outcast freshwater wolf

I do not kiss fish. I cannot really see the point when the prospect of reciprocal affection is so remote. But I have seen pictures in magazines of men who do and very ludicrous they look, planting their lips on the scaly snout of some goggle-eyed trophy.

After the experience of Sergei Stizh I would guess that even the most besotted and half-witted fisherman would be wary of trying anything of that sort with a pike. Stizh, some may recall, was the Russian angler who was so enraptured with the 10lb pike he had landed that he essayed a smacker on its lips, whereupon his capture clamped its gnashers on his nose.

The myth-making began long ago. Charles Bowker, an 18th century screemonger, records the rapacious antics of a pike in a canal belonging to one Lord Cholmondeley. Having snaffled all the fish and waterfowl in the immediate area, it was fed on rags

and meddled by hunger, attacked him, inflicting lacerations so severe that he fainted twice while being treated by the surgeon. A few days later, his assailant was found dead from starvation.

Whether strictly true or not, such tales add immeasurably to the pike's renown. I love to read, in Boosey's "Anecdotes", how a calf drinking in the river Blackwater had its head seized; and how a pike, which had snapped at a child's fingers trailed from a boat, was persuaded to grab a croquet mallet instead and was thereby dragged to the bank and clubbed to death.

Other records mention children being devoured on the Danube and elsewhere. The body of a young woman, with her purse, is said to have been prized from the maw of a Balkan monster. Accounts of geese, swans and drinking sheep being swallowed are legion. I like the idea of a

essence of its menace lies. Many other fish - perch, trout, eels, even chub - have teeth. But the pike's dental armoury is something else. The bottom jaw is lined with fangs, long and curved at the sides, shorter and closer together at the front, all wicked, all razor-sharp.

Gardening / Robin Lane Fox

Beware nature's saffron strippers

The late autumn storms have battered gardens, but they made unusually short work of the best of my crocus. Autumn crocuses have never been very popular in this country, except with the mice and squirrels. But I have always been an autumn crocus enthusiast and my particular pride is my small clump of Saffron crocus.

ravine produced the most marvelous orange filaments. I have searched on several occasions, but there is not a trace of them now, especially as the Turkish tourist authorities have begun to develop the cave below as a resort and the privacy of the area has gone. Instead of crocuses, there are small pieces of cloth, knotted into the surrounding brushwood as prayer objects - many of the local visitors consider the area a holy one.

Nowadays, you have to leave the world of the Mycenaean Greeks and their eastern neighbours to see saffron at its best. It grows by the acre in terraced fields in Kashmir. While it is also grown in Iran, by far the most remarkable spread of it is in



A strong, sleek performer, the Fiat 20v Coupé Turbo is the car for the individualist with a taste for speed and comfort

Motoring / Stuart Marshall

Clear roads and mean coupés

How often do you tell yourself that motoring has become an unavoidable and disagreeable chore? If most of your driving is on the crowded urban roads and lorry-infested motorways of southern England, the answer must be quite often. But it does not have to be like that.

Go 600 miles/1,000km north to Caithness and Sutherland, get behind the wheel of a car and everything changes - especially if you are driving one as seductive as Fiat's 20v coupe. Up there, the well-surfaced roads are almost deserted, the air is pin clear between the abbeys and all the drivers are so nice to one other. I doubt many have heard of, let alone experienced, that unfortunate symptom of a job society, road rage. The reason is that even some of the "A" roads are narrow single tracks with passing places. If people were uncivilised and did not give way automatically, cheerfully waving the other through, there would be chaos.

It goes further than that. I would defy anyone not to enjoy exploiting a Fiat 20v coupé's polo pony handling and dashing acceleration to make best progress, when safe to do so, on open roads through remote countryside. I certainly did. When the good motorists of Caithness and Sutherland saw my bright blue coupe coming up behind, they tucked

closer into the verge and encouraged overtaking with a flash of left-hand indicator. It is motoring as it should be. There are two versions of the Fiat 20v coupé; both have 2.0-litre, five-cylinder engines with counter-rotating balance shafts. They spin silkily to high revs, pull unimpeachably in fourth or fifth gear at low speeds. With 230 horsepower under its down-swept bonnet, the 20v Turbo is Fiat's most potent

It takes about 300,000 flowers to produce 5kg of stigmas

Spain. Its Spanish name comes from the Arabic word for yellow and it is widely believed to have been an Arab introduction to the region. This very weekend, the saffron harvest of southern Spain will be reaching its extraordinary conclusion. Some of it takes place in Aragon, but the broadest acreage lies on the wide plains of La Mancha in Castile, running near to Toledo. The growing of saffron has been a local Spanish speciality for nearly 600 years and in the 1980s nearly 30,000 acres were still under crocus cultivation.

European Car of the Year

In just over a week the top brass of five car makers and their advertising agencies will know the best - or worst. European Car of the Year 1997 will have been chosen by an international jury of motoring writers. There was an exceptionally large number of 28 entries to be whittled down to a short judging list of five. The 28 were Audi A8; BMW 5-Series and Z3 2.8; Chrysler Voyager; Citroën Saxo; Fiat Marea; Ford Ka; Honda Legend; Hyundai Coupe; Jaguar XK8; Kia Clarus; Lancia Ypsilon; Mercedes-Benz SLK and V-Class; Mitsubishi Colt/Lancer; Nissan Primera; Porsche Boxster; Rover 200; Renault Mégane and Scenic; Skoda

A large advertisement for Air Canada. It features the text 'Flying Class.' in large, bold letters. Below it, the Air Canada logo and 'AIRCANADA' are visible. At the bottom, there is text: 'From than anybody else's business class to Canada... and you can earn Air Canada's Aeroplan. Details on Internet: http://www.aircanada.ca'.

TRAVEL



Always and forever in Jamaica

I was what?" fired Ursula Andress back at the comper, who was put off balance, but stuck solidly to his script in his resonant Jamaican accent.

"Well, er, sexually aggressive; in that bikini, coming out of the sea, Honeychie, the first Bond Girl, a new definition of womanhood..."

"Fah!" she said, with an expansive sweep of her hand. "I was simply being me." Laughter rippled across the crowd.

She was speaking at the Bond Girls and Villains session at the James Bond Festival, which was held recently in Jamaica.

I have to admit that I dined out for weeks on the idea of attending a James Bond festival. What a whimsical and utterly dippy idea: three days in celebration of one of film and fiction's

greatest and most unbelievable characters: 007, who moves in a fantasy world of unspeakable evil and vanquishes resolutely, and whose women are so fanciful that they transcend any concept of womanhood.

It was billed as a gala, with glitz and glamour, but would it turn out to be a convocation of sad and lonely spy fantasists, of appalling Sean Connery impersonations? In the event it teetered, not all the stars were there, but clearly the fans loved it.

James Bond was created in Jamaica, of course. Ian Fleming spent two months of the winter each year on the island at his house, Goldeneye, which sits just above the sea on the north coast near the town of Oracabessa. It is private now, but festival-goers were permitted to visit.

The house, a bungalow,

In a three-page special on the Caribbean, James Henderson visits Jamaica and finds himself at a James Bond festival, rubbing shoulders with former Bond girls and villains - but where are Q's gadgets, why is Jaws being disarmingly polite and what is Miss Moneypenny doing with a set of bowler hats and T-shirts?

uses the best of the breezy Caribbean climate - louvered balconies stand at angles on pegs and vast windows open out on to the garden and then to the sea. In the corner of the bedroom stands the wedge-shaped, two-tiered desk where James Bond was created. Faced then with heroes called Peregrine Caruthers and "Standfast" Maltravers, Fleming chose the "dullest" name he could find, that of the author of an ornithological book, *The Birds of the West Indies*. Fleming met the real James Bond in 1964 and he was not the least put out by the theft of his name. In fact he said

that it helped him through customs.

Noel Coward, one of Fleming's many visitors, complained to the writer about the discomforts of Goldeneye, in verse. Coward eventually built his own house, Firefly, high on the hill above Goldeneye - a setting chosen with customary discernment because it has one of the finest views in the whole Caribbean. Fleming actually asked Coward to play the part of Bond in the first film, *Dr No*. Coward replied: "No! No! No!"

Back at the festival, mornings were spent on the beach and then the afternoons

were filled with a round of talks by actors, directors, scriptwriters and stuntmen. One of them, Raymond Benson, the present author of the James Bond books, was working on his first novel, *Zero Minus Ten*, which is centred on the handover of Hong Kong. Benson is adhering to the fast pace and lean text of the Fleming novels and keeping Bond up to date, resisting calls to turn him back into the archetypal cold war character.

Fans at the festival were not nearly as obsessive as *(Star)* readers can be, but one or two seemed to be living life in short snaps of tele-

visual heroics, a semi-permanent score of Bond themes music in their heads. This really was their moment. At one stage I got a lengthy critique of *Diamonds Are Forever* as "gender-unconventional, self-aware, parodic in the face of ultra virility, where even the villain lives in drag..."

There was even a Bond memorabilia room, where some of Q's gadgets were on display, alongside some Bond underpans.

I experienced only one moment of Bond déjà vu in the middle of the night on the way back from the Villains' Beach Party. I was in

the funeral scene in *Live And Let Die*. I dared not ask whose funeral it was, in case, like in the film, I saw the lightning flash of a flick-knife and laughing teeth.

There were plenty of former Bond stars at the festival - Mayday (Grace Jones) and Octopussy (Maud Adams) put in an appearance. On this occasion they came unpaid, except for the visit to Jamaica in return for their attendance.

The best known Bonds declined to take part, however, and it was left to George Lazenby, who made just one Bond film, to cut the same easy swag as he had in *On Her Majesty's Secret Service*.

Albert "Cubby" Broccoli, the producer of almost all the Bond films who died earlier this year, made sure that no villain ever outaged his hero. At the festival's gala dinner, however, it was the

turn of Jaws (Richard Kiel: 7ft 4ins, shoe size 18; glove-size 20) to delight the crowds. He turned out to be a disarmingly sensitive and articulate man for a screen villain. Apparently his grim expression in the films was helped by the fact that his metal teeth made him grimace. He is frail now, but he endeared himself to the dinner crowd, sitting next to an 11-year-old, giving a winsome speech in honour of Broccoli: "It takes a big man, a much bigger man than me..."

But it was Miss Moneypenny, Lois Maxwell, that the fans loved most of all. She sat in a mock-up of her office at dinner on the first night, oversaw the throwing-the-bowler-on-to-the-hat stand contest, awarded a kiss and T-shirt to the winners, then brought the house down when she reappeared at the gala evening.

HOLIDAYS & TRAVEL

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HOLIDAYS ABROAD

SKI COLUMNS 16th November

Following the success of Pink Snow this season, the Weekend FT will be continuing its comprehensive ski programme for 1996/1997. The Ski Columns will be a must read for any skier or potential skier, and will give advertisers the opportunity to be in touch with high spending adults, throughout the UK and overseas with a genuine interest in skiing. For further information, please contact:

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OFFER SUBJECT TO AVAILABILITY

High in the hills where the breeze is cool

Victor Mallet finds relief from the damp, tropical heat in the comfort of an exclusive mountain retreat

Life in the damp, tropical heat of the Caribbean can be a constant struggle against sweet rot and mildew - camera lenses become clouded with fungi, the surface of a shiny pin left on a table overnight is red and powdery by the morning.

There are two ways of dealing with this. The first is the brutal strategy adopted by concrete hotels throughout the tropics: lock the windows, deploy plenty of electric power and turn on the air-conditioning to keep everything cool and dry, and provide a large, over-chlorinated swimming pool for those who insist on venturing outside to breathe unprocessed air.

The alternative is to co-opt the climate instead of confronting it. Avoid excessive exertion, move to the hills and open the windows wide to the breeze. This is the approach taken in Jamaica at Strawberry Hill, one of the exclusive "Island Outpost" group of hotels developed by Chris Blackwell, the Jamaican entrepreneur who founded Island Records and brought Bob Marley to the world's attention.

For Strawberry Hill's 12 villas - more than 3,000ft up in the Blue Mountains, they overlook Kingston Bay on one side and the lush vegetation of the mountains on the other - architect Ann Hodges and interior designer Tanya Melich have deliberately harked back to pre-electric methods of keeping cool. That means wide verandahs, hammocks, four-poster beds draped with mosquito nets, and planters' chairs.

Strawberry Hill has long been a retreat from the heat and noise of Kingston. A coffee and fruit plantation since the 18th century, it was favoured for its Sunday teas in the 1950s. The plantation's main building - the Great House - was destroyed by Hurricane Gilbert in 1988, and the redeveloped Strawberry Hill opened as a retreat for popstar musicians and other wealthy for-

Effervescent Rita Marley holds sway with Bob Marley devotees

where his effervescent widow Rita holds sway and various Marley children continue to record their albums; or to Firefly, Noel Coward's old home (another Blackwell property), on the north side of the island.

This was once the lookout post of Henry Morgan, the pirate who became the country's first governor, and is now popular with a crowd of swooning and soaring John Crows (the local name for the vulture that Americans call the turkey buzzard).

Then there are the beaches. The coast bristles with comfortable, facility-rich "all-inclusive" modern resorts where tourists stay for a week or a fortnight for a fixed price, regardless of how much they eat or drink or waterski. Guests are largely insulated from life outside - including the "hustlers" and "higglers" trying to sell them everything from marijuana to wooden carvings - and they like it that way.

Some hotels are raunchy, heavy-drinking places with names like "Hedonism". Others are staid by comparison; the Sandals Resorts chain (couples only - no children and no gays) of Jamaican tycoon Butch Stewart has carved out a lucrative market niche offering not just holidays for heterosexuals but instant tropical weddings for those who want to avoid the trauma of tying the knot at home.

Wedding prices start at \$750, and the hotel arranges everything from the pedicure and the clergyman to the wedding video and the marriage certificate. Louis Grant, general manager of Sandals at Dunn's River, says his hotel does more than 600 weddings a year. "We're going to start having renewal of vows in a mass-tivity situation," he says.

Strawberry Hill, contact Island Outpost, Tel (00-1-809)-944-8400. In US, Sandals Dunn's River, contact travel agent or (800)-742-742. In UK, Victor Mallet lives with Air Jamaica, 0181-570 7389 in UK.

TRAVEL

St Barthélemy Sky dive to the Fifth Republic

Christopher McCooley visits an island both French and Swedish

It is a real Indiana Jones arrival. The light aircraft bobbles and dips between two hills. Once through, the pilot puts our stomachs in our mouths with a nose-dive towards the skid-marked runway at sea level. As soon as the wheels touch tarmac the brakes are applied and we pull up just short of the bathers on the white-sand beach.

Bienvenue à St Barthélemy is part of the Fifth Republic but thousands of miles from the motherland's bosom. Just eight square miles of hilly volcanic rock, the French *sous-préfecture* has a character all of its own. For a start it is the Caribbean's only white island - most of the 5,000 inhabitants trace their ancestry back generations to when farmers and traders arrived from Normandy and Brittany.

They made ends meet by meat-curing the flesh of wild cattle and pigs in the sun and then smoking it over a fire of green wood. This process did away with the tanning which relied on the use of salt - a scarce and costly commodity. Skilled sailors to boot, the buccaners as they were called, soon added looting of Spanish galleons to their CVs and were known for their roving and bold adventurism in the 17th century.

Most notorious was Montbars, dubbed "the Extremist" by the long-suffering Spanish. Local legend has it that much of his treasure is still buried elsewhere on the island so you might like to pack your metal detector along with your swimming

costume.

In the 18th century more colonists arrived but St Barts (as most call it now-days) never became a tobacco or sugar cane plantation island because of the boorish soil and difficult terrain. But it did become a free port (a status it still enjoys) and the traders and shopkeepers had slaves to work in their homes. Except for a brief takeover by the British in 1758, St Barts remained French until 1785 when the government of Louis XVI gave the island to Sweden in exchange for duty-free trading rights in Gothenburg.

For almost 100 years the island remained Sweden's only overseas possession in the western world. During this time the slave trade came to an end and most black indentured labour left the island to seek a better life elsewhere in the Caribbean. The Swedes strengthened the island's Viking blood (blue eyes and blond hair are still common) and the chief town and only port, Gustavia, is named after the Swedish king Gustav III.

France bought back the island from Sweden in 1878 for 320,000 gold francs. Today it is where the well-off and beautiful come. The year-round balmy climate of sunshine and warm winds with temperatures around 80°F, the superb cuisine (with more than 60 top-class restaurants), the fine wines and cheeses from France, make it a favourite place for Americans and Europeans - especially the younger set.

Although officially against the law, on the beach the French will remove not just their tops but also their bottoms at the drop of a sun



Hold on to your hats: only small aircraft can land on the island - so touchdown can be daunting

bat. Safety helmets are also meant to be worn by moped and scooter riders. Few do, and the six policemen and eight gendarmes on the island do not seem to give a fig about clothing or head-wear.

The island was hit hard by Luis last year. The hurricane was the worst in 25 years. One hotel maid described it as "like hundreds of wild beasts growling and trying to tear their way into your home". For an island dependent on tourism it recovered remarkably quickly. Much has been repaired or replaced. But not so easy to recover has been some of the bird life. No hummingbirds have been seen since Luis struck. The birds rely on nectar from flowers such as hibiscus. The hurricane took all the flowers and leaves from the vegetation and St Barts was left quite bare. While the hummingbirds

Antigua Bone fish, turtles, champagne shores

Christopher McCooley on resorts fit for royalty

The choice was between bone fishing and being shown the room that Princess Diana used when she graced the island with her presence earlier in the year. I went fishing.

Bait was the finest prawn from the K-Club kitchen. Stedroy was ready and waiting with the Boston whaler at the wooden quay. The outboard motor coughed and caught, and we were soon slapping across the waves of Codrington lagoon, factored to the nth degree with lotion against the Barbudan sun.

Bone fish are so called, explained Stedroy with disarming Caribbean frankness because "there's a lotta bones in dem". The engine was cut and we idled on the current looking for "milky patches" - places where the bottom-feeding fish churn up the sand looking for tasty tidbits. The hook was baited and with a small lead weight to aid casting I sent the prawn into the blue yonder. Once it had sunk to the shallow bottom I began to reel in slowly. Three hours later we called it a day. No takers.

Stedroy blamed the bait: "They just don't smell like local shrimp." But the day was not over; before returning to shore we took in the largest frigate bird colony in the Caribbean. We could go right in close to the nests in the mangrove trees on the lagoon edge. It was June and the adolescent birds, one to each precarious nest consisting of just a few sticks, were still being fed by the females.

Fishing from a small boat is conducive to small talk. Stedroy has 12 children - six of each. There are more Barbudans in Leicester, England, (including one of Stedroy's) than on the island which has a current population of about 1,500. The island has five cricket teams. The K-Club is the indul-

gence of the fashion designer Mariuccia Mandelli, aka "Krizia". Her aura and her ego (and her books) are everywhere. She certainly likes Caribbean blue: from the equamarine candles in the restaurant to the *eau de Nîle* striped cushions in the rooms, including the one fit for a princess. Since the K-Club opened four years ago, Krizia has hired (and fired) 18 general managers.

In contrast, over the same Bay declined to host Her Royal Highness and the future king and his brother - the security would have been too intrusive for the other guests.

It is not just film stars and tycoons who seek peace and quiet on its champagne coloured sandy shores. Hawksbill turtles have been hauling themselves out of the limpid waters hereabouts for centuries to deposit their ping-pong ball size eggs in supple, white leathery shells in shallow nests scraped in the sand under the sea-grape trees.

During the main nesting season from June 15 to November 15 the beach is patrolled from dusk until dawn every hour by two biologists. Between 20 and 40 female turtles come ashore each season - as many as five times at intervals of two weeks - to lay about 150 eggs each time. Guests can leave instructions at the front desk to be awoken if one of the turtles comes ashore during their stay. I did, but like the bone fishing, I was out of luck.

Christopher McCooley flew to Antigua with British Airways and was a guest of the K-Club and Jumby Bay. In the UK, Elegant Resorts (tel: 01244-897999; fax: 01244897990) of The Old Palace, Chester CH1 1RB, handles bookings for both resorts.

Between 20 and 40 female turtles come ashore each season



Codrington: home to the Caribbean's largest colony of frigate birds

Grenada Mingle with the locals

Striding towards us over the mangrove field known locally as the "mang" came a wild looking figure, naked to the waist. He was yelling and brandishing a cutlass. We halted, debating whether to make a run for it.

As he approached we recognised "Bal-head" (we knew only his nickname), out with his dog to collect breadfruit for Sunday lunch on the beach. He lowered his cutlass, gathered his hound and invited us to join him.

People carry machetes in Grenada as they carry screwdrivers in London. It is one of those things the fearfulish agricultural island for the first time, has to get used to. Another is the courtesy. Nobody passes without a greeting: a flat-palm salute, raised arm or index finger, with a "Yo!", "Take it easy", or "Peace and love".

The "mang" is at Petit Bacaye, a little beach resort in the south-east corner of Grenada where the heat is tempered by the trade winds which blow in over the reef and an offshore islet.

Built and owned by our friends Ivan Baker, a Grenadian-born Londoner, and Cristina, his concert pianist wife, the place is as open to the villagers and local fishermen as it is to the tourists.

Petit Bacaye is 10 miles by road, but miles more in spirit, from the all-inclusive resort hotels clustered around the new airport and Grand Anse Beach where Pizza Hut flies the flag, drinks are priced in US dollars, and the occasional mugging of jogger tourists is now not unknown.

Arriving at night, we were greeted by a blood-red moon under almost full eclipses and huge, ghost-like clouds piling up over the bay. There were rumours of an impending volcanic eruption on Montserrat 300 miles to the north and some nervous speculation that a chain reaction might ripple down the Antilles and revive Grenada's own dead volcano 2,300ft above us.

Day broke to a riot of colours, suffocating to the city eye, of oleander, frangipani

and bougainvillea - though the hibiscus has gone, killed by an infestation of mealybug. The fishermen returned with catches of black and yellow snapper, blue snapper, red grouper, dolphin fish, lobster and grinning barracuda. Egrets picked over the grass, an occasional mongoose sneaked between the palm-roofed cottages, and viridian hummingbirds hung at the flowers while black herons and frigate birds sailed overhead.

Towards evening thousands of land crabs would climb from their burrows and sit like rabbits in the sun, turning "the mang" into a pink carpet which would be whisked away at the first human tread. (Land crabs are tasty with the spinach-like callaloo.)

Over rum-and-water we came to know the regulars, who treated us more like guests than holidaymakers: gentle Ernest behind the bar, who jumped from the fort wall in St George's at the time of the American "intervention" in 1963; "Rasta" Sam with his innocent face and *ganja* eyes; Gayn, "Butterbut" Sam, Ratty, Quayle, Sippy and Dracula, Neck the fisherman and "Sork-sork" (whose nickname was due to the noise he made sucking oranges).

We were fed on pigtail and lentil soup, pumpkin and salt fish soup, grilled dorado, lobster and potato salad, goat curry with rice and peas, "pepper pot", salt fish and pepper egg scramble.

Giant bats and bullfrogs escorted us to bed, and a Peeping Tom lizard squinted through the open covers. We fell asleep to the chirp of cicadas, the clink of tree frogs and rum glasses, and the distant rumble of the reef. Petit Bacaye may not be luxury, but it is a model of culture-friendly tourism.

■ Caledonian Airways flies from London Gatwick to Grenada on Wednesdays; Petit Bacaye cottages: 4-person \$180 a night (\$105 in summer), 2-person \$100 (\$85). Tel: fax: Grenada (001 809) 4422902 or London 0181-789 6163.

Christian Tyler

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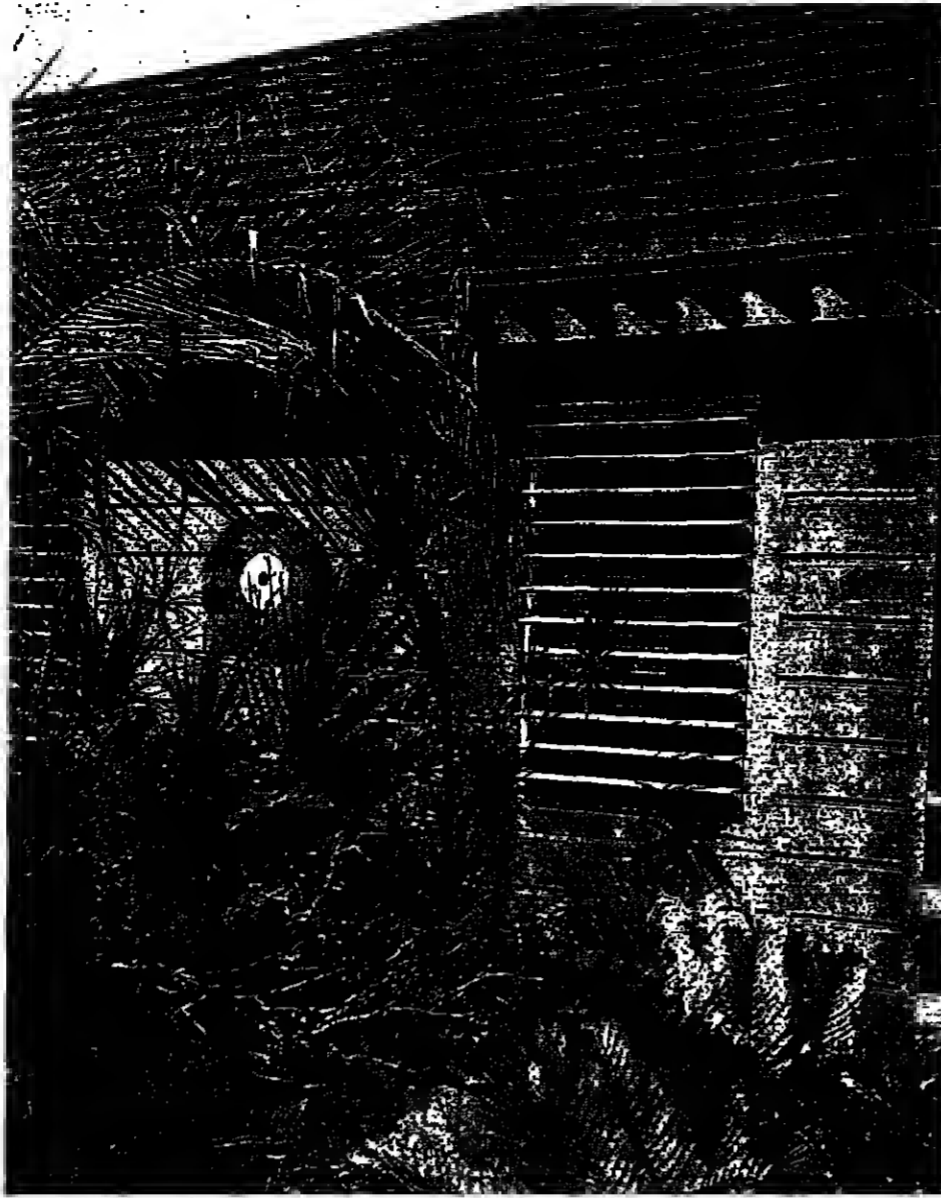
The Bahamas Island hopping paradise

James Henderson samples the slow pace of the friendly, family islands

Between them, the Bahamas probably have more sand than the rest of the Caribbean islands put together.

I flew in by pint-sized aircraft and then bounced along the gravel road to Fernandez Bay Village in a latterday Bahamian sedan; a deck chair in the back of a rickety old pick-up.

Every pristine landscape has its evocative quality. Most have a feeling of timelessness and grandeur, but the Bahamas, with its views over electric blue water to the sea horizon and, of course, the sunsets, also engender a feeling of ease and contentment.



Compass Point in Nassau - one of the few more developed islands



Orange Creek on Cat Island: a dozy, distant former refuge for pirates

crashed in the shallow water, strong enough to body-surf for 20 yards. Backed by a sandy cliff, on which all the bouffant and hotels hide from the winds in their luxurious gardens.

The Grenadines Sleepy solitude to star-studded luxury

For years the islands of the Caribbean presented a settled, affluent holidaymakers lounging on white sand alongside a breathless aquamarine sea. No longer.

At Bequia, if a whale is hunted and dragged ashore there is a big party

tourists have a beach of black sand and the gaudy realism of Soufriere, the St Amuse them: Castries, the St Lucian capital, is a bumpy hour away by speed boat.

St Vincent is the Big Daddy of the Grenadines, a string of islands drifting down towards South America, which are still the preserve of visiting yachts and determined escapists.

St Vincent is the Big Daddy of the Grenadines, a string of islands drifting down towards South America, which are still the preserve of visiting yachts and determined escapists.

In the evening, the bars and restaurants in the tiny village of Port Elizabeth are packed with boat people anxious to pound the earth to the music of the inevitable steel bands, before casting off in their dinghies towards their particular light in the still darkness.

Close to Bequia is Mustique, haunt of the very rich, where Mick Jagger, David Bowie, and Raquel Welch own villas.

However, there is nothing to stop you hiring a boat in Bequia and sailing over for a refresher at Basil's bar, in this part of the Caribbean hurricanes hardly happen and lotus eaters have the world to themselves.

Antony Thorncroft travelled to the Grenadines courtesy of Silk Cut Travel (01708-230870). Silk Cut Travel's Small Hotels of Character programme offers single-centre holidays at Anse Chastenet, St Lucia, and island hopping to the Grenadines.

Antony Thorncroft

To twist an old and over-used expression: a word is worth a thousand pictures. When you are choosing a hotel in the Caribbean that is, or deciding which island to go to, the word of a person whose opinion you trust can be more convincing than a whole ream of glossy brochure pictures.

'Where To Go' Guide Variety is the spice of Caribbean life

Most of these companies also publish customer newsletters detailing developments in hotels and special deals. I made a few phone calls to the top Caribbean specialist tour operators (Caribbean Connection, Elegant Resorts of the Caribbean, Caribours, Simply Caribbean and Harlequin Worldwide) and was generally impressed with the level of knowledge. I rang out of the

independence of a villa to a resort atmosphere, most of the big Caribbean operators have a number on offer. There are also Caribbean villa specialists, such as Caribbean Chapters and Owners' Syndicate.

(01733-330300); Powder Byrne (0181-871 3300); Caribbean Expressions (0171-431 2131); Caribbean Chapters (0171-722 0722); Owners' Syndicate (0181-767 7926); Western and Oriental (0171-221 8571); Trans-Atlantic Wings (0171-602 4021); Caribbean (for information) (01459-835601); Valigo (tel 01708-212833); Caribbean user groups: rec.travel.caribbean and rec.travel.marketplace.

James Henderson

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BOOKS

Manifesto for the modern thinker

Christian Tyler admires a work which casts post-modern scepticism aside

The not-so-shy Professor Scruton last week opened his heart to a daily newspaper about his impending marriage to Sophie Jeffreys, a young woman less than half his age.

One immediately wondered whether this latest book, its title reminiscent of George Bernard Shaw's The Intelligent Woman's Guide to Socialism and Capitalism, was not an attempt to explain to Sophie exactly what it is the professor does for a living.

Books by professional philosophers, which Scruton most certainly is, do not commonly carry chapters called "Sex", "Music" and "History".

Scruton unashamedly declares in chapter one that the Cartesian method of strenuous doubt is no longer appropriate.

AN INTELLIGENT PERSON'S GUIDE TO PHILOSOPHY

by Roger Scruton

Duckworth £12.95, 168 pages

identity, and the transcendental perspective epitomised by the concept of God.

It is no surprise to find this author reintroducing the Roman ideas of pietas and virtus along with notions of the sacred of fidelity and chastity.

His excursion into sex - a subject Scruton has written a whole book about - is morally sound (people may not be treated as objects) but philosophically dull and his chapter on music, where he finds in the timelessness of



Sur La Tour Eiffel, 1930: Lisa Fonnagrives gives a new meaning to the word super-model as she sports a Lucien Lelong neo-Victorian silk dress high above the Paris skyline. Taken from 'Paris: Artistic Life in the Twenties and Thirties' by Carol Mann. Published by Laurence King, £24.95.

music an analogue of human immortality, looks very much like showing off. The anti-determinist theme is picked up again in the final chapter. Under cover of a warning against the Hegelian fallacy of

attributing to Fate or Will what is merely the spirit of an age, Scruton gets at his real target: the cult of "post-modernism" which dismisses our world before taking the trouble to investigate it. Scruton has often been

Rereadings/Nigel Andrews

A chaos we should celebrate

When my editor put the offer on the table - "Write about your favourite book" - I was caught in two minds between two writers. I didn't delve into either Laurence Sterne or Joseph Conrad until my late teens, yet both were revelations.

They do not seem like bloodbrothers. One is a scatterbrain absurdist, the other a tortured moralist. Yet they show how wonderful novels can be at something so few English ones go in for, the poetic impalement of obsessions.

Tristram Shandy was about a family that couldn't get its head together, yet fretted unforgettably about sex, time, family relationships and the meaning of life.

Both novels end in defeat. But while Lord Jim orchestrates the dark horror of the jungle to articulate its hero's despair, Tristram Shandy winds itself down - just like that unfortunate clock in chapter one - into a daring, irresistible epic of inconsequence.

Sterne is a writer who was postmodern 200 years before modernism. Look at Tristram Shandy and you realise that literary fiction used up all its experiments in one 600-page opus.

One could argue that Sterne wrote so early in fiction's history that there was no template for the novel anyway. So how can you depart from something that doesn't exist? But Tristram Shandy sets out the novel form's dilemma as if it fore-saw its whole turbulent evolution.

The more a person frets and obsesses about self-definition and self-justification, the more likely he is to be swallowed up by that chaotic flux we call life: a chaos we should celebrate not mourn, since while there is unrelenting there is life, and while there is "hopelessness" there is hope.



Tristram Shandy, with 30 relay participants, at Sterne's and our alma mater, Jesus College Cambridge. It involved much jiggy-pokery with lights to represent the book's more eccentric wordless pages.

Trauma and tribulation

find the mental health charity, in 50 years old, and in celebration Mind Readings is a collection of writing which "takes a fresh look at aspects of our mental and emotional life..."

Unsurprisingly, it is the more famous authors who come into this last category and, equally unsurprisingly, the better writing tends to come from them.

This last part requires a word of caution. The editors emphasise their concern to print new work wherever possible, but the reader has to be warned that the larger part of this anthology is made up of articles, stories

MIND READINGS edited by Sara Dunn, Blake Morrison and Michèle Roberts

Minerva £7.99, 424 pages

schizophrenic friend by Salman Rushdie (1994), an extract from Alan Bennett's wonderful Lady in the Van, which has been published in several versions and no doubt will finish up on stage, Martin Amis (1981), Andrew Motion (1991), Sheila MacLeod (1981).

laughs. It is a book which will inspire our outrage as well as distress; it can hardly fail to attract our support for the work of Mind. I might add that it is not a book to be read in one long sitting: the record of grief, depression, suicide, tragedy, would become too oppressive. It was reminded of the old, old story of the policeman who grabbed a man about to jump off a Thames bridge.

J.D.F. Jones

Squalor and mischief

With Biography, you must either love your subjects or hate them. Elizabeth Norman McKay, who clearly loves her subject to death, is first on the bicentennial bandwagon with Franz Schubert: A Biography.

FRANZ SCHUBERT: A BIOGRAPHY by Elizabeth Norman McKay

Oxford University Press £25, 362 pages

CONVERSATIONS WITH MADEIRAINE by Roger Nichols

Faber £9.99, 111 pages

Schubert the man, but her own inclination sensibly prompted her to write the book in more musical fashion - at least, to put more emphasis on Schubert's life as a composer, and "the importance of his music in his life."



Schubert: more to him than mere Beidermeier charm

leise Madeira, transcriptions of a week-long conversation between her and Roger Nichols in her Montmartre apartment in 1991 - is no Cosima.

Why, sly and witty at the age of 94, she peppers her conversation with aperçus which surprise and enchant. ("Have you ever realized that [Waltzin's] Facade is an ancestor of rap?") she asks Nichols at one point. Her reminiscences about her life with her husband are brimful of character, and characters: the whole of musical, social and cultural Paris is there.

Michael Pollard

Short Stories/Brian Martin Bizarre beneath the surface

Uomo." In the words of his own friend, Eddie, "no sweat."

The stories are set mostly in or around Dublin. James Joyce's ghost whispers audibly. The thieves in "A Bit of Business", Mangan and Lou Gulligan, bantled by the Church, emerge from a similar background to Joyce's

AFTER RAIN by William Trevor

Viking £16, 224 pages

SELECTED STORIES by Alice Munro

Chatto and Windus £16.99, 412 pages

THE LADY WITH THE LAPTOP by Clive Sinclair

Pleasor £12.99, 183 pages

His prose is compact, abbreviated. In two of his 12 stories, the plots are brilliantly resumed within the space of a short paragraph.

He never states explicitly that the Timothy of "Timothy's Birthday" is homosexual, but without doubt he is. Timothy laid out the corpse of his patron and admirer, Mr Kinnally, "shaved the dead face himself... He sprayed a little Krizia

Potato Dealer", young Ellie has fallen in love with a visiting "summer priest" and conceives his child. She dutifully endures an arranged marriage to a country potato dealer whose steadfastness and philosophical resignation at the end is thoroughly moving.

The theme of clerical transgression in both Trevor's and Munro's work shows that the present flush of priestly frailty is nothing new. In Munro's "Wild Swans" young Rose, on a train journey to Toronto, is deflowered by the wandering hand of a United Church minister: he was able "to get the ferns to rustle and the streams to flow, to waken easily luxuriance."

Munro is less spare than Trevor, but the stuff of her stories is similar. Whether writing about a child trapping muskrats with her father along the banks of the Wawansh River, or about a provincial librarian's love-affair, Munro considers, reflects, moralises. "Carried Away" is a clever, thought-provoking tale, told by a deluded narrator, which allows alternative endings in its ambiguity.

Clive Sinclair is altogether different. His stories are exuberantly exotic. His Mexican's tirade against English

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Keen to raise the profile of designers: Christopher Frayling in Ford's latest model, the KA, designed by ex-Royal College of Art student Chris Svensson

Designs on the RCA

Antony Thornicroft talks to the new Rector of the college, Christopher Frayling

It is rare these days for an insider to get the job of heading one of the nation's great cultural institutions. But the Royal College of Art, the UK's paramount centre for art and design, this summer looked to its own, and appointed its Pro-Rector, Professor Christopher Frayling, to take over as Rector from Anthony Jones, who returned to the US after a brief spot at the helm. Jones had the task of calming the RCA's nerve after the battering it received from his revolutionary predecessor, Sir Jocelyn Stevens. Now it looks as if there will be a return to no-stop action from Frayling, a cultural guru whose life stretches seamlessly between the worlds of television, publishing and academia. The 50-odd RCA staff are being forced to confront the future. "We are a pragmatic place, not good at planning," says Frayling. "I've set up committees which within the next year must decide on things to do - or not do." If these committees plump for action the RCA will soon become a very different organisation. Perhaps Frayling's most dramatic idea is to move the RCA's fine art students, about 150 of the total intake of 800, out of the Kensington

HQ and into their own premises, ideally on Bankside alongside the new Tate Gallery of Modern Art. The sculpture students were decanted to Battersea in the 1980s and seem to thrive in exile. Frayling believes, with airy confidence, that the £10m cost of the project will be met by a grateful sponsor, anxious to lead its name to an institution which has spawned many of the great British artists of the 20th century, from Barbara Hepworth and Henry Moore to Gavin Turk via David Hockney. Frayling knows the drawback - the move will deprive the designers in the RCA from immediate contact with artists - but the students may well prefer the big open spaces of some disused factory site down by the river. Frayling also has a committee working on another possible change - whether the photography students might not be happier switching out of the fine art department and into a communications, graphics, even advertising led, environment. The design role of the RCA is close to Frayling's heart. "Seventy per cent of what we do here is design". It is one of the inconsistencies of history that a college set up in the 19th century to reinforce the UK's dominance in

the industrial revolution with the most advanced design skills should be called the Royal College of Art. For some years now serious consideration has been given to changing the name to the Royal College of Design, and Frayling seems keen to continue to push the RCA in this direction. Another of his committees 'It is a question of how to get into bed with industry, not whether' is examining the creation of a new media laboratory. "We are not good at new technology here". But the RCA knows that the closest possible links with business are the key to its future. "It is a question of how to get into bed with industry, not whether." For, despite its eminence, government funding of the RCA has been remorselessly cut. The hunt is on to build up business support, both in design commissions, and in scholarships to help fund students. Frayling admits that the quality of applicant for car designers, with half the

current student intake financed by Japanese and Korean car manufacturers. Chris Svensson, the designer of Ka, the latest model from Ford, went through the car design course, and Frayling is keen to raise the profile of designers of consumer products who trained at the RCA to at least the level of the fashion designers (Ossie Clark, Xandra Rhodes, Bill Gibb) who were students there. Frayling is moving fast because there is danger on the horizon - the Dearing inquiry into higher education. Money-saving college mergers are all the rage, and the 40 art colleges that once peppered the land have now been rationalised down to just eight that remain autonomous. He is determined that the RCA - "too small, too expensive, too specialised" - should not suffer a shotgun marriage. Its best defence is its ability to show value for money and to service industry. It is the RCA that is pioneering Design Age, helping Marks & Spencer to tempt the rising numbers of older people, and Safeway on how to stream-line supermarkets to suit the ageing shopper. It is the RCA which is the world's leading training ground for car designers, with half the

man powers of the player-piano. But the less complex ones can bear transcription for small virtuoso ensembles, whose variety of colour can clarify the separate voices; and the pianist and aficionado Yvar Mikhaeloff has so transcribed a number of them. On RCA Victor Red Seal 09026 6180 2, the Ensemble Modern - conducted this time by Ingo Metzmacher - is as jazzy and exhilarating in 11 of them as one could wish. Their virtuosity often matches the inhuman brilliance of the original player-pianos, but their high-spirited attack is full of good humour. The CD also includes some very early and some recent Nanarrows. Eminently well getting to know; and remember that the austerer player-piano versions are still available on Wergo CDs. For devotees of the late Toru Takemitsu, and for others too, there are lovely performances of four of his ensemble pieces with clarinet on RCA Victor Red Seal 09026 62537 2: *Fantasma/Cantos*, *Water-Ways*, *Waves* and *Quatrain II*. The superlative

Ballet/Clement Crisp Rhapsody in Paris

Frederick Ashton's choreography, which is, after all, one of our national treasures, is hardly known in France. The Ballet de Nice showed two of his ballets last year in sound presentations, and a decade ago the Monte Carlo Ballet mounted *Les Deux Pigeons*. But Ashton remains a name rather than a fact to the dance-sophisticated Paris public, aware of every least twitch by Béjart or William Forsythe but largely in the dark about the creativity of a master who was Francoophile through and through. Now *Rhapsody* has entered the repertoire of the Opéra Ballet, grandly cast, grandly danced, and - so the ovation last week at the Palais Garnier suggested - grandly welcomed. It formed part of a triple bill which paid tribute to another founding father of our century's ballet, Serge Lifar, showing his *Suite en blanc* and his *Défilé* to mark the tenth anniversary of his death, and also included Agnes de Mille's *Fall River Legend*. (This last looking out-classed - an axe-murderess at a *Concours d'Élegance*.)

The programme (which repeats until mid-November) begins with that declaration of pride, historic lineage and sheer force of numbers, the *Défilé*. From the far depths of the Foyer de la danse come the young students, then the ranks of the company, led by - culminating bliss - the *stiles*, the women followed by the men, the solemn measures of the *Trois* march broken by *chairs*. They are, it goes without saying, all beautiful, gifted, glorious, and all conscious of three centuries of their history. Lifar produced this *défilé* in 1945. He had saved the ballet during the years of the Occupation; for the new age that was beginning he could present to the nation a great company. Part of his war-time labours had been the staging of *Suite en blanc*, a hymn to the developed neo-classic style he had shaped. It is a *feu de joie* of technical prowess, but its particular fascination lies in the Lifarian style, which was heroic, opening out from the tight Franco-Italian manner he had inherited, and - to my eyes - vividly imagined in its sense of classic shape. My one reproach about the present revival is that Lifar's intensely individual poses are losing something of their pungency and period value. Style is all in ballet, and certain of the variations - sanctified for me by such interpreters as Chauviré, Vyrubova, Alagoroff and Lifar himself - are too bland. The music (from Lalo's glorious *Namouna*) is full of character. So, in the 1940s and '50s

were the dances: only Aurélie Dupont and Fanny Gaïda seemed to me to understand the subtle colours of their solos. But it is a wonderful ballet, dazzlingly done by the ensemble (the men have a taxing time and call blithely through everything); watching it is rather like having just enough champagne - and then half a glass more to confirm the good impression made by the vintage. *Rhapsody* ended the evening. It is given in the Patrick Caulfield designs - imposing on the Garnier stage but still too bombastic for the choreography - and looked, at this fourth performance, very good indeed. There are some nuances missing - the sextet of girls do not quite understand Ashton's lyricism; they treat the dance too formally, as if in class - but the six boys soar and cut through their steps like snowflakes on a summer's day, and are wonderful. The appearance of Elisabeth Platel and Jose Martinez, both making their debuts in the leading roles, was impeccable, heart-stirring. Martinez, tall and elegant, is not an obvious inheritor of the role made for Baryshnikov but sets out every run and glissando and leap and curvetting move with a daring ease. I thought him superb. Platel was glorious in the role made for Lesley Collier. In this high summer of her art, she treats the choreography with affection, wit, and the brightest feet. She brings exactly the chic and prima-ballerina allure that Ashton needs: the little steps are a cascade of diamonds; the gentle oppositions of torso and sweetnesses of phrasing are a delight. This is dancing of rarest worth. And, thanks not least to Platel and Martinez, the ballet is at its best. About *Fall River Legend* there is little to say. It is longer than long-winded about the murder case in which Lizzie Borden took an axe to father and step-mother. ("You can't chop your Momma up in Massachusetts, and then blame all the damage on the mice.") Once upon a time it was a vehicle for Nora Kaye and Alicia Alonso, both of whom I admired greatly. Agnes de Mille offers predictable psychology and lumbering dance, and a general feeling that the piece was run up by Grandma Moses with a raging hangover. It is to the immense credit of Elisabeth Maurin that she makes so admirable a showing. Pallid, emotion seething just below the surface, elegant in expressive means, she is a fine, tormented Lizzie. But this is really a work where the axe should be taken to the dance and the score. I thought Wilfried Romoli very good as the Preacher who is, of course, attracted to Lizzie, and Clotilde Vayer was malign as one could wish for the step-mother. The Colonne Orchestra dealt manfully with the score; they were later very good accompanying the excellent pianist Vladimir Mischuk in *Rhapsody* under Alexander Polianichko's baton.



Dancing of rarest worth: Elisabeth Platel in 'Rhapsody'

Between 78s and CDs, shorter classical pieces went rather out of favour. Record companies no longer pressed the likes of Stravinsky and Bartók to compose pieces that would fit on a 12-inch 78; suddenly, with LPs, one didn't need to keep getting up and turning over. That luxury was half of

the attraction of LPs: whole symphonies and operas became conveniently accessible, and began to crowd out the briefer works.

Record Review/David Murray Virtuoso bits and pieces

Besides, finding a short piece in an LP collection was fiddly, often resulting in irremediable scratches. Now that CDs offer instantly locatable tracks, however, collections are a more attractive proposition. Here are some recent finds. The Israeli pianist Gilad Mishory has recorded all Janáček's music with piano on three CDs. The main solo works - all in short movements - are on Tudor 780, with minor ones spilling over onto Tudor 772 with the ensemble pieces (the late Capriccio for left hand and Concertino), and onto Tudor 7003 after the duos with violin and cello: a rich haul, very well played and reproduced. Mishory's pianism, energetic but searching and meticulous, is a tonic in all these pieces. If Rudolf Firkušný's performances on old LPs suggested deeper folk roots, Mishory's cooler "art-music" approach carries pure musical conviction, and his partners are excellent too: soloists from the Bavarian Radio Symphony, and especially the violinist Saschko Gawriloff.

Not long ago, the Barbican's Hindemith festival included several of his concise chamber concerti, the *Kammermusik* he composed between 1922 and 1930. It was exciting to rediscover the younger Hindemith's racy humour and iconoclasm, before his monumental phase. All seven of them are played with fervour by Markus Stenz and the Ensemble Modern on RCA Victor Red Seal 09026 61790 2 (two CDs).

Anyone who knows only the *Motus der Moler* suite or *The Four Temperaments* will be amazed. For sampling, try the *Kammermusik* no. 2, with Ueli Wiget's brilliant piano, or no. 5 with Werner Dikkel's eloquent viola. The extraordinary Studies for one and two player-pianos by Conlon Nanarrows (who turned 84 last week) have been revered by aficionados since they began to appear on record in the late 1960s. They are dazzling rhythmic experiments above all, taking sensational advantage of the superhu-

man powers of the player-piano. But the less complex ones can bear transcription for small virtuoso ensembles, whose variety of colour can clarify the separate voices; and the pianist and aficionado Yvar Mikhaeloff has so transcribed a number of them. On RCA Victor Red Seal 09026 6180 2, the Ensemble Modern - conducted this time by Ingo Metzmacher - is as jazzy and exhilarating in 11 of them as one could wish. Their virtuosity often matches the inhuman brilliance of the original player-pianos, but their high-spirited attack is full of good humour. The CD also includes some very early and some recent Nanarrows. Eminently well getting to know; and remember that the austerer player-piano versions are still available on Wergo CDs. For devotees of the late Toru Takemitsu, and for others too, there are lovely performances of four of his ensemble pieces with clarinet on RCA Victor Red Seal 09026 62537 2: *Fantasma/Cantos*, *Water-Ways*, *Waves* and *Quatrain II*. The superlative

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ARTS

This year has seen a succession of magnificent exhibitions of drawings, ancient and modern, and why not? Drawing is the essential practice of the painter that, in defiance of particular age, school or culture, brings together artists across the centuries, as they address the first and eternal problem of who it is they are, and what it is they do. Above all else, it is a practical business of looking and understanding, of making sense of the real and visible world; of recording information; of registering the mark made for what it is. It is about being alive and sentient, and never truly, at least in the first place, about making Art.

The artist is intrigued by the fold of a piece of cloth, the turn of a foot, the fall of a shadow across a face. He may employ merely a few deft strokes of pen or brush. He may change his mind, rework, redraw, rub out. He may, by contrast, become so engrossed in what he is doing as to work it through to a finished and independent state. He may embellish, exaggerate, satirise, invent. It is all drawing.

And so when we come to a collection such as this, of these old, flimsy, at some time convenient and useful scraps of paper that somehow have survived over the years, it is not really the differences between them that should excite us, but the similarities and common purpose.

The drawings now at the Royal Academy's Sackler Galleries have been put together by the New York collector and sometime dealer, Eugene Thaw, over the past 30 years or so. They range over rather more than 500 years, from the 15th century to beyond Picasso, in fact, to Jackson Pollock, with a variety of character to match. Indeed only their individual quality and interest, sheet by sheet, unites them, in declaring that "one of the chief collecting traits that applies to me is that of aesthetic response". Thaw says as much himself.

These are wonderful things, at which it must seem churlish to carp; but to find them hung by a conventional academic chronology is a shade disappointing. It could all have been so much more open, speculative, imaginative and to Thaw's own point. The connections and cross-references simply cry out across the rooms, as across the years, to be tested and indulged.

Here is Fantin-Latour's tiny, delicate study of Rimbaud (1872), mop-haired and band on chin, while round the corner and out of sight is the tiny, delicate study of a



Artists over five centuries get down to the practical business of looking and understanding: "Seated Dancer", 1872 by Degas

Wonderful collection, shame about the hang

William Packer reviews the 'From Mantegna to Picasso' drawings

boy, mop-batted and band on chin, by van den Eeckhout (mid-16th century). And would it not have been fun to put together the delightful social comedies of Gian-Domenico Tiepolo, with poor Pulcinello on his death-bed, with an ass of a doctor in attendance (1790s), alongside the legal satires of Daumier? Would it not have been useful to put the figures of the great Gian-Battista Tiepolo with those of Goya and Rembrandt? What about the

Cranach portrait with the Picasso; the bearded men by Beham and Van Dyck with Fragonard's girl from Naples; Degas with Watteau and Delacroix; Giacometti with Cézanne; Sanredem, Canaletto and Pannini with Piranesi; Laurier with Pollock; Degas with Boly; Claude, Guardi and Turner with Cézanne; Rubens and Rembrandt with Mantegna? The permutations are endless.

course, but a measure of enthusiasm, for it would no less churlish not to recognise that even as it is, this is a most remarkable show. Almost every item is one to savour; and always we come back to the surface, and to the mark made as though it were yesterday. Rembrandt's Pharoah's Daughter stands on the river-bank, hands on hips, so modern in the informality of her surprise. "Well I never", she seems to say. Degas' pretty singer, her

black hair tied in a pink bow, leans gently forward to her rapt audience. Watteau's young model, deliciously deshabillé, curls up negligently on the floor. It is all one.

The Giacometti retrospective, that I reviewed at length when it was at the Scottish National Gallery of Modern Art in Edinburgh in the summer, remains at the Academy until the end of the year. It is at once the most comprehensive and accessible study of the artist hitherto, making clear for the first time the parity of importance of the painting with the sculpture. All travelling shows inevitably change in character and emphasis with each move, new walls and spaces, new arrangements. Here the lovely natural light of Edinburgh has been lost for a rather gloomier presentation in London. On the other hand, the larger rooms of the Academy, afford a more general and comparative view of the work, as against the previous more closely focused and episodic sequence - neither better nor worse, but a change. The early work, both painting and sculpture, in the first gallery, is the particular gain in this respect. A second visit is well worth while.

From Mantegna to Picasso - Drawings from the Thaw Collection at the Pierpont Morgan Library, New York; Royal Academy, Piccadilly W1, until January 23. Alberto Giacometti: Royal Academy until January 1; sponsored by Goldman Sachs.

Television/Christopher Dunkley Rich diet of verité

There is an interesting, some might say sad, discrepancy between the development of fact and fiction programmes. Television drama sits today on the same plateau it has inhabited for a decade and more. Every now and then the BBC comes up with an excellent costume serial adapted from a famous book such as *Pride and Prejudice*. Tomorrow at 12.15 on BBC2 is sub-titled "Show Boys - The Naked Truth" and the reason it is being transmitted after midnight is that it is one of the most sexually explicit programmes ever shown on British television. Do not watch if you are likely to be offended at learning what a male stripper uses to sustain an erection on stage. (His mother is not so much offended as worried if he is not very careful it will drop off, she warns him.) Tomorrow's *Everyman* on BBC1 switches to the opposite side of the employment spectrum to show how the Church of England gets about selecting a new vicar for Kensal Rise in west London.

Two documentaries this weekend neatly symbolise the diversity in factual programmes currently available. Tonight's *Video Diaries*

at 12.15 on BBC2 is sub-titled "Show Boys - The Naked Truth" and the reason it is being transmitted after midnight is that it is one of the most sexually explicit programmes ever shown on British television. Do not watch if you are likely to be offended at learning what a male stripper uses to sustain an erection on stage. (His mother is not so much offended as worried if he is not very careful it will drop off, she warns him.) Tomorrow's *Everyman* on BBC1 switches to the opposite side of the employment spectrum to show how the Church of England gets about selecting a new vicar for Kensal Rise in west London.

Video Diaries exemplifies the explosion which has occurred in the last five or six years as progress in cameras has made it possible for almost anyone to produce footage of broadcast quality. At its most tedious this has meant those awful programmes in which bridesmaids trip over their dresses, children fall into ponds, and family pets are forced to wear drag. At its best it has meant the sort of gem created by *Video Diaries* when it gave a camera to an Albanian doctor. He turned in a type of programme which simply could not have been made by a conventional film crew. Much the same is true of today's record of the life of Justin Richards who strips for ben nights, gay clubs, and even for a story cobbled up by *Sunday Sport*.

He carries his camera around to the cramped dressing rooms and boozey disco parties where he struts his stuff, but also to the bunt he likes to follow on foot near his parents' home in Wales. And he talks to the camera in his car about "Miss X"

actually by his own admission Mrs X) with whom he is having an affair, and on his trips to Jersey, Paris and Vienna. The most revealing aspect of all this is the crude nature of the supposedly erotic entertainment on offer today. It makes the nightclubs of pre-war Berlin look astoundingly subtle and sophisticated.

Moving from the sinners to the saints, the most revealing aspect of *Everyman's* "Vicar" is the elaborate nature of the process by which a new man is appointed. The Church of England may be in turmoil, losing adherents fast, short of money after its disastrous activities in property, ridiculed for its readiness to cut modern sociological shibboleths yet it still carries on like some forgotten corner of the British Empire.

Interviews for the new vicar are held in a place that looks like a vicar's palace. We see the interviewees only briefly, but most of them seem extraordinarily impressive given that the job they are competing for pays only £14,000 plus a house which, at the end of the day, they will not own - as the hasty departure of the widow of the previous incumbent so starkly illustrates.

This sort of programme - with the cameras present at interviews, committee meetings, "private" visits by the hopefuls and their wives to the vicarage, and so on - now looks unremarkable. But that is only because of the rich diet of verité documentaries provided by television in recent years. It would be hard to find two more contrasting subjects covered in more contrasting ways.

If only television drama could provide a range half as rich.

Radio Arbiters of taste

relation between the thesp, his space and his public it sounds like the title of a Peter Greenaway film. *Kaleidoscope* slips down smoothly, blandly, within an inch of becoming the *Reader's Digest* of radio arts programmes, though that dubious privilege goes to Radio 2's culture coverage.

Mark Antony's "So are they all honourable men..." speech over Caesar's corpse found an echo in Peter Day's concerned fumbling for the pulse of the English pub. Sunday's *In Business* met some of those responsible for the rash of theme-chains (Irish pubs, the "pitcher and piano", and so on) that are replacing the traditional watering-holes. While not an overly enthusiastic patron of the trad version (smelly, uncomfortable and contrary to popular belief unfriendly), I lament the passing of a few individual boozers, now redesigned into glorified pick-up joints or city whizz-kids' playrooms. An example is the London pub where the Goons originally evolved their comedy, now vanished, with its collection of Goonians, under a sea of fake Irishy. Big chains are dangerous: they limit the choice which has allegedly been the driving force behind so much change in the last 17 years. Yet the tycoons

responsible were civilised, sympathetic and plausible; and yes their design watering-holes have comfort and sociability in mind. But uniformity as well?

I hate to harp on a much-touted subject but *The Archers* is of national importance. The present regime's apparent death wish (expiry from screaming boredom) seems to have been replaced by desperate recourse to issues (bitter words about BSE, just when we thought the Ambridge farming community had been miraculously spared) and Tragedy (the Grundy barn burning down). The latter was sabotaged by the worst acting, from Maester William Grundy, ever foisted on the public in the silted, wooden history of juvenile performers. The programme's panic is palpable; amateurishly written, desparingly acted and hardly produced (are they indoors or out? In a car or the kitchen? The once much-derided birdsong sound effects are presumably cased out as too dear.)

Never mind. The wonderful Charlotte Green, corrupted by the frivolities of *The News Quiz*, now adds an inescapable frisson of incredulity to the news she reads. Wednesday's midnight bulletin on Radio 4 found her barely faltering at the Treasury's research (why the Treasury?) that Britain's potential voters not bothering to register amounted to twice the adult population of Surrey. Why Surrey? And retelling the government's intended moves on "the welfare of turkeys", the great Green's voice reassured us that even if God was no longer in his heaven John Major was still in Downing Street.

Martin Hoyle

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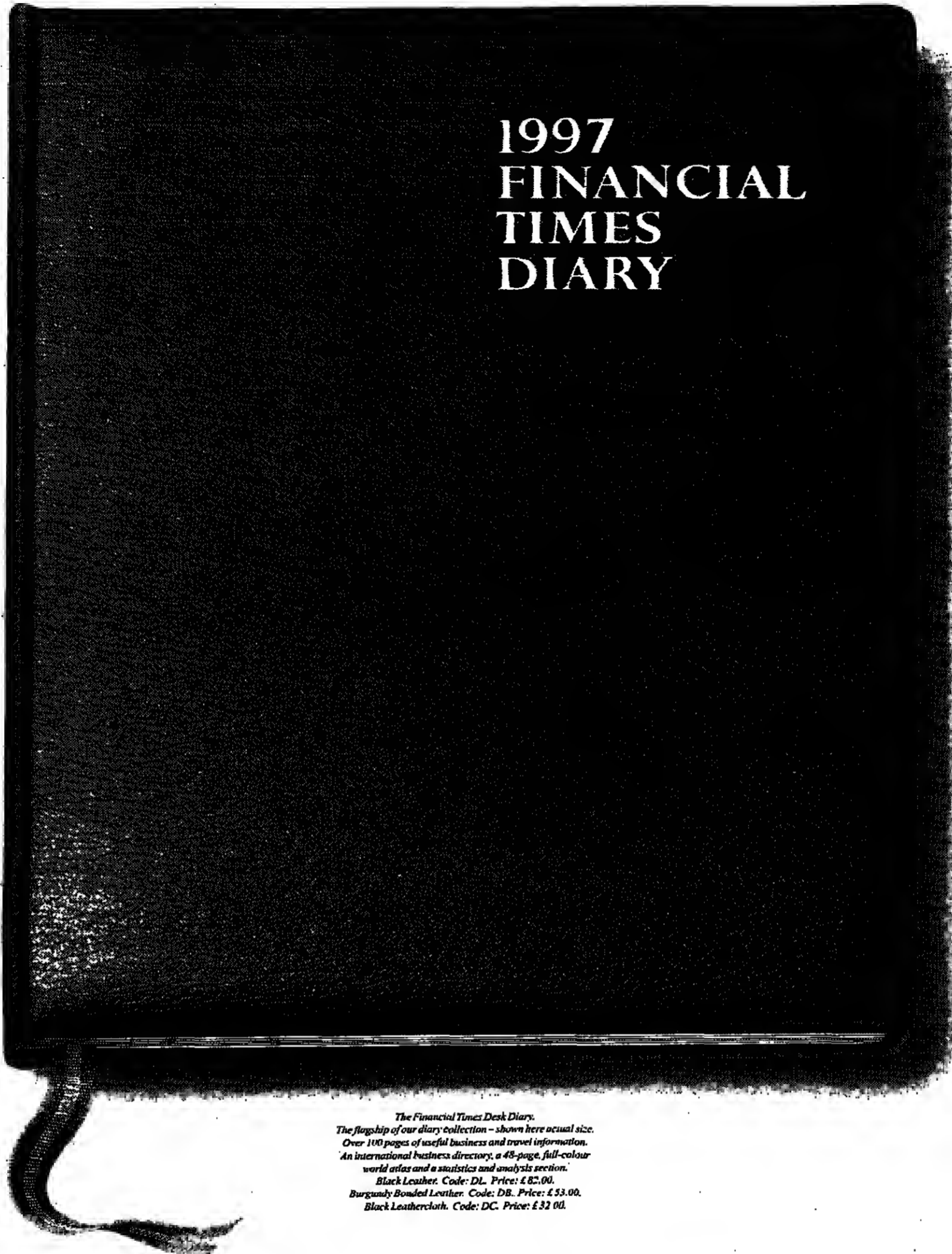
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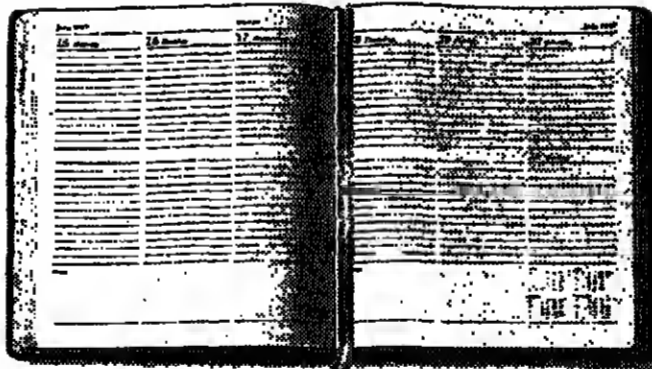
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James Morgan

Beautiful bride turns useless appendage

The hasty marriage of the two Germanys is now haunted by a seven-year itch

Seven years ago today the Berlin Wall came down and there began a short process whereby the German Democratic Republic was consigned to the dustbin of history, in the phrase so lovingly used by its erstwhile leaders. That dustbin continues to cast a pall over western Germany and yet memories are fading in the territory of the extinct state. In October, a TV station interviewed boys from the old East Germany. One session went like this: "How old are you?" "Thirteen." "Do you know what GDR means?" "German Democratic

Republic?" "And what is it?" "Something to do with war and soldiers." "Which war? When was it?" "In the 18th century."

In the west, meanwhile, the absorption of the east has meant that Germany cannot provide the leadership its neighbours demand. If the GDR had not collapsed, West Germany today would have a balanced budget, lower taxes, lower labour costs and a more dynamic economy. Meeting the Maastricht criteria would be easy. *Modell-Deutschland* would still be admired by Anglo-Saxons. The difficult relationship

between the two bits of Germany is more than a question of economic realities colliding with national aspirations. Research conducted by the German department at the University of Leeds about three years ago explains far more than the dreary tales of currencies and taxes. It has proved a reliable guide to the evolution of the new German marriage. A paper called "Women and the Wende" (Wende is the change that started in 1989), argued that the process was in fact one of arrogant boy meets submissive girl. "The marriage theme obvi-

ously links the East-West love story to the fairy tale tradition: Sleeping Beauty waiting rather less than a hundred years for the kiss which releases her into life; Cinderella saved from her life of grey drudgery by the Prince. The theme is reflected in contemporary tabloids and weekly picture magazines. There was even a book published in Leipzig in 1991 called *The Sexual in German Unification*. The dream of every *Ost-Frau* was to meet a man from Düsseldorf in a Mercedes. And the dream of the latter was to pick up a warm, grateful lass from Saxony.

This relationship had obvious consequences which are largely overlooked in the analysis of the economics of unity. A magazine widely read in the east, *Super-Illu*, even in 1990 wrote: "Every West woman only to get off with a GDR-woman." The caption of a picture of three giggling blondes in the *Neue Revue* was: "All three look west in the hunt for men." The corollary was the humiliation of East German men who were left feeling ugly and useless.

The result is there for all to see. The GDR was presented with a huge dowry in the one-for-one exchange rate. It got a free face-lift as the construction boom took hold in the "new Federal states". But the groom, having so treasured his simple bride when the wall between them collapsed, now sees her as a useless appendage. The seven-year itch haunts Germany.

This week at a forum for eastern Social Democratic bosses, the local deputy leader, Wolfgang Thierse, asked for more subsidies. "Thierse's demand shows the GDR-mentality," sneered the *Frankfurter Allgemeine Zeitung*. The resentments inflamed by fiscal transfers, alleged western domination and eastern inefficiency can be traced back to the psychology of unification as described in "Women and the Wende". The subconscious was made reality: "The GDR is expected to develop those feminine virtues suitable for a wife: patience, compliance and gratitude, while West Germany distils the male characteristics of leadership, rationality and arrogance." Seven years on, the Poles and Czechs may be poorer but they are much better off. ■ James Morgan is BBC World Service economics correspondent.

Private View

The guy with the famous argument

But there is more to John Searle than that. Christian Tylor reports

Scientists do laboratory experiments. Philosophers do "thought experiments". A famous example of the latter is the Chinese Room, invented by John Searle while flying from California to Yale for a conference on artificial intelligence.

Searle's parable, which he claims nobody has yet refuted, was designed to demonstrate that computers will never be able to think. He imagined himself locked in a room furnished with baskets full of Chinese characters and a huge rule-book written in English. Strings of Chinese characters, which the people outside the room knew to be questions, would be passed in. He would study them, consult the rule-book and select other characters from the baskets to pass back.

If he did his job thoroughly these "answers" would make perfect sense to the Chinese-speakers outside the room. But can we now say that John Searle, the diligent professor inside the room, understands Chinese? No, he claims, we can't. What Searle is doing in the Chinese Room is no more than what computers do: shuffle symbols. "I had no idea the Chinese Room would have the kind of impact it did," Searle told me on a recent visit to his *oimo mater*, Oxford. "I had no idea it would be put on television, discussed in PhD theses and be the subject of long - and quite vitriolic - attacks. "It seemed to me rather a simple point: indeed, the kind of thing philosophers specialise in." The University of California professor is obviously delighted by the success of his thought experiment, which in 1984 reached an even wider audience when he gave the BBC Reith

Lectures. But he is hurt, too. "I have done work which has cost me more effort and I think is more important," he said. "I don't want to be just known as the guy who thought of this famous argument, because I do other things with my life."

Those other things include essays and books on the philosophy of language and mind which have brought him invitations to lecture all over the world. One of his shidling interests is the question of "intentionality", the "aboutness" of thoughts and feelings which is said to distinguish mental states from everything else.

The night before I met him, Searle had given a dazzling - if sometimes opaque - public demonstration of hard thinking on the hoof in a three-way dialogue on intentionality with Jerry Fodor of Rutgers University and Martin Davies of Oxford, organised by the university's European Humanities Research Centre.

I wanted to ask him if there was anything left for philosophers to do in a world dominated by science and technology, when even the problem of consciousness had descended to the laboratory bench. Scientists do real experiments, I said. Aren't philosophers left as Cinderellas to sweep up while the scientists go to the ball? "Well, I don't make the distinction between philosophy and science," Searle replied. "I think we're just doing the same kind of thing at a much higher level of abstraction. "It's just a matter of sociology that most scientists aren't worried about these kinds of questions - apart from some super-scientists like Einstein. If you're a biologist worrying about what causes cancer you're not likely to say: 'Well, what's



The man who invented the Chinese Room; but John Searle is now confronting the accepted reality of money

Colin Bevan

causation anyway? What causes causing? That's when the philosopher comes in."

Scientists say the philosophers don't know what they're talking about. "The artificial intelligence people say 'you don't know anything about this, it's all very specialised'. But the

How in a world of particles and force-fields can you have money, language, marriage?

points I'm making are very simple points. You don't have to know about the hardware."

So what are you bringing to the party? "What you bring is intelligence, trained intelligence. And in principle anybody can do what philosophers do. As with any discipline, AI people get socialised into it. It's very hard for them to stand back and question

basic assumptions." They are pinching your problem.

"On the contrary. The way we typically get rid of philosophical problems is to formulate them in such a way that they admit of scientific solutions.

"It's not our little preserve. Philosophy is in large part the name of a whole lot of questions that we don't really know how to solve. It isn't just that we don't know the answer. Often we don't know how to get the answer. And a big step for philosophers is to try to reformulate the question in such a way that it admits of an answer."

Thus, he explained, it was a serious error to suppose that consciousness was a computation. "We are talking about biology. We're talking about a biological organ, the human brain, and the answer has to be a biological one."

"There's a wonderful irony in this whole debate and our grandchildren will think it amazing that we didn't see the irony: the brain is a machine but the computer is exactly the *wrong* model for it.

"Consciousness is a machine process, like internal combustion, something that goes on in the physical world. But the only physical thing that goes on in a computer is a lot of electrical state transitions. Computation is abstract, an interpretation we put on the computer."

"If your readers understand that," he added with a laugh, "you will have done an enormous service to humanity."

Searle's emphatic manner has made him the *bête noir* of the AI world. Yet he says it is "silly" to suppose that science and philosophy are in competition.

"Since the time of the Greeks we have had this huge inventory of problems, and in the 17th century we began to find ways to solve a tiny number. What is matter? What is light? What is energy? And that's called science. That's applied philosophy. But most of the problems are still with us. What is the good life? What is the nature of justice?"

Still, I said, aren't you like the hygienist, always cleaning other people's teeth but never getting to bite the apple yourself? Searle laughed. "I don't see why we should settle on any particular analogy."

His latest work asks questions such as what kind of fact it is to have a five-dollar bill in your pocket. I asked him why that was interesting.

"Because I want to know how it all hangs together. How in a world made of particles and force-fields can you have money, property, marriage, government, language, cocktail parties, balance of payments problems...?"

One could live happily and die content just saying these are facts.

"But it isn't just that I call this thing money," he insisted, digging a £20 note out of his pocket. "Other peo-

ple accept it. When I give this to someone in a store they don't say, well you just call that money."

It's a convention. "But what does that mean exactly?"

It's an agreement. "Did we ever actually agree? Now we're doing philosophy. Now we're starting to work on this. Now you'll find that the nature of the conventions by which we construct an objective reality have a remarkably complex structure. And I just wrote a book about that."

The book is called, not

various enticingly, *The Construction of Social Reality*. In it, Searle says there is no clash, no break, between biology and culture. Culture is the form which biology takes. We create facts which are not "brute facts" by collectively assigning symbolic functions to phenomena: bits of paper become means of exchange, stone buildings places to pray in.

What did you discover that you didn't know before?

"What you discover is the structure of the everyday world of social reality. In a sense you have to know what it was before, but you couldn't have said what your knowledge was."

What did you learn about, say, marriage that a sociologist, lawyer or bishop couldn't have told you?

"Well, they should have been able to. They just didn't."

What didn't they tell you?

"What is the ontology of social reality such that there is a continuous line that goes from the particles of physics through human consciousness to wars, cocktail parties, revolutions."

Maybe they didn't think it was interesting.

"Maybe they didn't. Some people are not interested in philosophy. Others are obsessed by it. I'm always amazed how interested other people are. I am stunned by the unexpected impact of abstract philosophical ideas."

I mentioned the employment of philosophers on various ethical committees and asked if they were taking on the vacated role of priests.

"Philosophy has become more interesting than when I studied it at Oxford. There are now people working on applied problems - business ethics, medical ethics. I think that's wonderful. But I don't see that as the centre of philosophy. You shouldn't think you're paying philosophers to do that."

"Why should people pay me?" he mused. "I often wonder. If the secret were known... I love it and I would do it for nothing."



Peter Aspden

Our three minutes are up

Around the beginning of the 1980s, the phrase "Three-Minute Culture" began to gain currency among tech-ophobes, cultural snobs and apocalyptic all-comers. It meant to sound a warning: we were being seduced by the short, sweet trill of the soundbite and the advertising jingle, turned on by the microchip - but losing our ability to concentrate on weightier matters.

Garbled by the competing attractions of new media, our minds fitted from one thing to another. You might have reached the end of this paragraph, but then your attention would wander to the article below. Verbs and prepositions disappeared from sentences. Imperatives ruled. No time to waste. Greed is good. Shape up or get out.

One almost looks back with nostalgia to those ingenious times. The phrase "Tbre-a-Moute Culture" seems absurdly dated now, not least because three minutes seems like quite a long time: certainly longer than I take to write most of my E-mail messages, much longer than a scene in a Jean-Claude van Damme movie. We have adjusted more easily than we thought possible to the demands of the information revolution. Few now believe that computers herald the end of civilisation. People still read novels on public transport, although it is more likely to be Jeffrey Archer than Marcel Proust.

But are we not becoming a little complacent in our passion for high-tech living? As those who are living in the fastest lane of the information superhighway are finding to their cost, there is such a thing as information overload. The human mind

is not physically capable of taking in all that is coming out. Man-made systems are failing to cope with the growing speed of communication. Unanswered E-mails building up, piles of faxes spewing uncontrollably from a machine: these are just the most obvious symptoms.

All of which leads us to a dilemma which is possibly unprecedented in the history of human progress: where do we draw the line to balance our necessary embrace of modernity and our desperate clinging to the past?

For, make no mistake, it is backwards that we look when we want to get away from all the madness.

We take holidays in "unspoiled" parts of the world, as far from the reach of a newspaper as a battered caïque will take us; it is a clear substitute for time travel. At home, we treat ourselves to the soothing, sed balm of Mozart, Shakespeare, Raphael for weekend

cultural nourishment. Even today's avant-garde looks to the great movements of the past - Dada, conceptualism, surrealism - for inspiration. "Swinging" London, as decreed by *Newweek* magazine, with all its bright frocks and snappy pop songs, is nothing but a tired re-tread of earlier cultural glories.

Life in the 1990s is the most curious paradox: a celebration of extraordinary change, the opening up of global frontiers, the accessibility of more information to more people than ever before; but all of it tempered by the nagging feeling that the crowning achievements of humankind lay a long way behind us.

It is with this sense of resignation that most of us have learned to live with the three-minute culture. We know we must adapt to help us get on with our jobs, but not many people find joy or inspiration from the techno-

logical advances that are championed so relentlessly today. This was not the case with the invention of the motor car, for instance, which dispensed a real visceral thrill, or the advent of television, which promised a new age of mass cultural empowerment.

Similar claims are made on behalf of the Internet and its fibre-optic cousins, but we are too cynical now. The new communications network may well be global in reach, democratic in principle, open to all; but we know, despite Al Gore's rhetorical flourishes, that like all technological breakthroughs, it is producing an élite class of cognoscenti, and a new underclass which has neither the resources nor the inclination to join the party. The best and the brightest are moving more nimbly, more lucratively than ever before. It takes more than three minutes to change human nature.



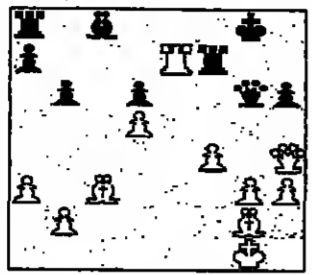
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Tel: 41 32 / 654 54 54
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INSTRUMENTS FOR PROFESSIONALS

CHESS

The UK's chess league has just begun its fourth season with a record entry of 18 teams...

errant queen by 21 Qxg3 gxf2+ 22 Kf1 Qh4+ 23 Qb3. Rf2 22 Rxf2 gxf2+ 23 Kf1 Qd3 mate.



No 1,183 Kramnik v Hracek, Euroclub cup 1996. White (to play) has bishop and two pawns for a rook...

Leonard Barden

BRIDGE

France has won the World Bridge Olympiad Open Teams title, beating Indonesia in the final...

bled this contract; at the other, it was left to South. Where the Chinese East was declarer, South led a trump...

When Juanita Chambers, for the US, was East, South led KV, won with dummy's AV. J+ was led, won by North's Q+, who then played a trump...

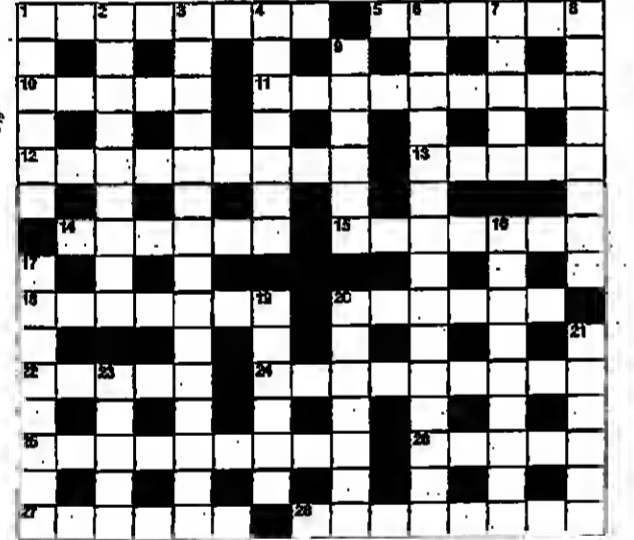
It was ruffed, and 9+ had been established as the 10th trick. Making 4S doubled was worth a swing of 600pts to the US - an auspicious start to the day.

Paul Mendelson

CROSSWORD

No. 9,221 Set by DINMUTZ

A prize of a classic Pelikan Souverain 800 fountain pen for the first correct solution opened and five runner-up prizes of 250 Pelikan vouchers...



Name: Address:

- ACROSS: 1 Beach jumper (4-4), 5 Little space in upper part of Oxford, for example? (6), 10 Stop car clumsily in small space (5)...

Solution 9,220: MICHAEL... DOWN: 1 Plant book of scriptures in bishop's office (6)...

WINNERS 9,209: D. Griffiths, London NW7; J.E. Gibb, Twickenham, Middlesex; Irene Glass, Prescott, Lancs; K. Gottschalk, London SW14; S. Oakley, Aberdeen; R. Warner, Toddington, Beds.

WEEKEND INVESTOR

Directors' share dealings

Transactions in own companies October 29-November 1, 1996

Table with columns: Company, Sector, Shares, Value £000, No of directors. Includes Abbot Group, Albemarle & Bond, Albright & Wilson, Chelsea Village plc, Kingfisher, Liberty, Lorien Group, Macro 4, Hays, Prism Leisure, Smiths Inds, Tesco, etc.

Companies must notify the Stock Exchange within five working days of a share transaction by a director. This list contains all transactions (listed and AIM), including exercises of options if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange. Share traded as ordinary, unless otherwise stated. - Convertible Redeemable Preference Shares.

Results due next week

Table with columns: Company, Sector, Announcement, Last year, Dividend (p), This year, Total. Includes Abi Leisure Gp, Action Computer, Allied Domecq, British Asstra Trust, Capital Radio, etc.

Interim dividends

Table with columns: Company, Sector, Announcement, Last year, Dividend (p), This year, Total. Includes Amersham International, Appayee Westward Int, BAA, etc.

Last week's preliminary results

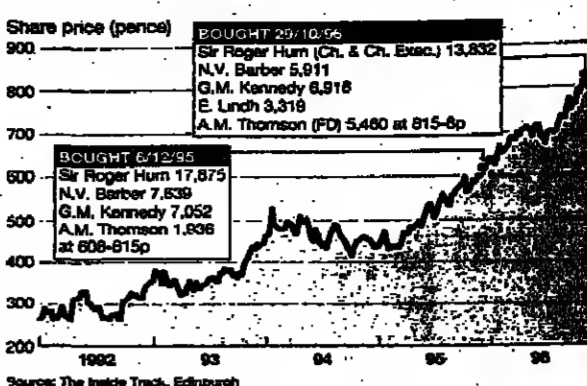
Table with columns: Company, Sector, Year, Pre-tax profit (£000), Earnings (p), Dividend (p). Includes AG, Abi Leisure Gp, Action Computer, etc.

Bodycote is to raise £119.0m via a 1-3 rights issue @ 60p. More Group is to raise £48.6m via a 1-4 rights issue @ 60p.

Offers for sale, placings & introductions

Railway is to raise £15.0m via a placing of 5m shares @ 30p. Gardiner & Theobald is to raise £5.0m via a placing and open offer of 3.2m shares @ 15p.

Smiths Industries



Directors' dealings

Directors' trading was subdued this week, reflecting the market's concerns over the rise in interest rates and inflation. But there was buying activity - and in some unexpected places, writes Lucy Helme.

Biggest buy of the week was at Jermyn Investment Properties where the chairman, Ray Horney, bought 200,000 shares at 150p and Juliet Cogswell, an executive director, 3,000 at 155p.

Current takeover bids and mergers

Table with columns: Company bid for, Value of bid (£m), Market price, Price before bid (£m), Value of bid (£m), Bidder. Includes Benheim Group, British Data, Calor, etc.

Advertisement for Offshore Fixed Accounts. Features large text '6.25% GROSS' and '6.75% GROSS'. Text: 'Are these the best rates around?' 'Yes, these offers are bigger than both of us.' 'FOR ONE YEAR FOR TWO YEARS'. Includes contact information for Birmingham Midshires (Guernsey) Limited.

Weekend Investor

Wall Street

Nothing stirred except the markets

Voters yawned but bonds and equities were delighted, writes John Authers

Nobody seemed to care about this week's elections - except the markets. Outside Wall Street, all the statistics pointed damningly towards apathy. Fewer than half the electorate bothered to vote. The turnout rate of 49 per cent meant that this presidential election had excited less interest than any since Calvin Coolidge defeated John Davis in 1924.

Those who did bother to vote endorsed the status quo in both Congress and the White House, although with heavy qualifications. Neither President Bill Clinton nor Newt Gingrich, the Republican speaker of the House of Representatives, could claim to have a mandate for radical reforms.

The nation's low-key response to proceedings was mirrored in the election television ratings, which hit an all-time low. Fewer people than ever before stayed in to watch the results.

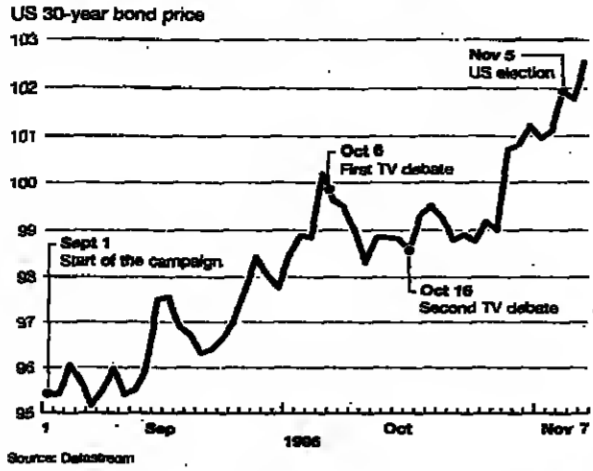
So, why were the markets able to muster so much enthusiasm? Even though the result was as expected ("Dole futures" on the electronic market set up by the University of Iowa had fallen from \$1 to 56 cents by election day, while a Clinton future cost 98.9 cents), both bonds and equities enjoyed their best week of the year.

Yields on the 30-year Treasury long bond, which spent much of the year until late September hovering above 7 per cent, dropped to 6.58 per cent on Wednesday, a drop of 10 basis points for the week. They sustained this, and all of a sudden the talk is that yields could force their way down to 6.5 per cent.

Equities also staged a spectacular rally, with the Dow Jones Industrial Average breaking the 6,300 barrier only a week after it had fallen back below 6,000. On Wednesday, the Dow gained 96.53 points, its highest daily rise since March. From opening at 6,041.68 on Monday, it had reached 6,206.04 by Thursday night.

Other stock indices showed powerful gains without matching the Dow's pyrotechnics. The Standard & Poor's 500, a broader measure of the market, gained consistently and moved from 703.77 at the beginning of the

Bonds' election enthusiasm



week to 727.65. The Nasdaq, composed of mostly smaller stocks, went from 1221.78 to 1254.14. And most of these gains remained intact after some profit-taking yesterday.

Why did Wall Street traders get so excited about the elections when the rest of the country felt so switched off? One reason was that, in the words of one analyst: "Gridlock is good for you." Relief that the Republicans had held on to their majority in the House, briefly in doubt in the closing weeks of the campaign, helped considerably. The fact that the status quo had been maintained served to minimise uncertainty.

Moreover, both the players in the budget-setting process have had their wings clipped, with neither Clinton nor Gingrich having a mandate for renewed confrontation. This is the ideal combination for cutting the deficit.

Informed speculation is even predicting bipartisan commissions to reform entitlements for health care and social security - music to the ears of the bond market. Several sectors benefited well beyond the positive sentiment about the macro-economy. These included health management organisations, which should gain from incremental healthcare reform, and pharmaceutical companies, which seem now to be relieved of the spectre of radical reform aimed at limiting their profits.

Tobacco stocks recovered a little, since the results seem to ensure that Clinton will not be able to launch

quite the all-out attack on cigarette marketing that was promised in the campaign.

So, too, did high-tech stocks. The president's glorious rhetoric about the information superhighway might have helped.

More concretely, Californian voters decisively rejected Proposition 211, which would have made it easier to sue companies for securities fraud. It had been contested fiercely by Intel and the rest of the high-tech industry.

All of these developments are a welcome counter-balance to the cynicism gripping the rest of the nation. The rally can even be seen as a vote of confidence in the American constitutional system.

The men who framed the Constitution were profoundly suspicious of politicians, and viewed elections as a means to ensure that bad governors could be booted out if necessary - not as a vehicle for providing a policy "mandate".

Congress and the presidency were meant to provide "checks and balances" on each other's power, and to work together.

So, while the nation might be feeling cynical about its elected leaders, Wall Street knows, and has shown this week, that the constitution is working well.

Dow Jones Ind Average

Monday	6041.68 + 19.75
Tuesday	6081.19 + 39.50
Wednesday	6177.71 + 96.53
Thursday	6206.04 + 28.33
Friday	

London

Footsie thumps to earth

Interest rates are a big worry, says Philip Coggan

What a long time it seems since the middle of October. Then, the UK market was striding ahead purposefully, having passed the 4,000 milestone, with its eye fixed on the distant horizon. All of a sudden, it has tripped over its own Footsie.

The FTSE 100 index, having peaked at 4,073.1 on October 21, had by Thursday night dropped by 4.25 per cent to 3,900.4. Yesterday's rally to 3,910.8 still leaves it looking pretty depressed.

There was talk this week that institutional investors were switching funds from shares into gilts and cash, with much speculation surrounding a record trade in the options market on Tuesday. Brian Marber, the technical analyst who turned bearish some time ago, says the latest developments confirm his gloomy view (he has also called the top on Wall

Street). Ironically, while many people thought it would be Wall Street that would trigger a sell-off in the UK market, the Dow Jones Industrial Average is still posting all-time highs and wallowing in post-election euphoria.

If there was a malign international influence on London this week, it came from Tokyo where a Ministry of Finance official said the yen had fallen far enough against the US dollar and that the Japanese economy was recovering.

Why should this matter to the UK? One force behind the world bull market has been very low Japanese interest rates as the authorities have attempted to revive the economy, the resulting flood of liquidity has washed round the world, helping to fund, among other things, the US fiscal deficit.

If the Japanese start to increase interest rates, this flood should dry up, and

bond yields might have to rise round the world, since a source of ready demand will have disappeared.

Albert Edwards, the global strategist at Kleinwort Benson, said yesterday he was increasing the cash element of his global portfolio to 30 per cent, the maximum possible. He thinks the Japanese comments were linked to a change in the US attitude towards the dollar now the election is over. A weaker dollar would hit European equity markets (by putting pressure on exporters), knock US Treasury bonds and, by extension, US equities, which looked expensive already relative to bonds.

Such international issues may be a long-term worry for the UK market. Its shorter term worries are more tied up with interest rates and the pound. "The mood's changed a fair bit," says Bob Semple, equity strategist at NatWest Securities.



The market was once striding purposefully ahead... Robert Harding

ties. "People are worrying about when interest rates will go up again and the effect of sterling's strength on companies with non-domestic interests."

It all dates back to the 0.25 per cent rate rise announced by the chancellor, Kenneth Clarke, on October 30. As Richard Jeffrey, Charterhouse group economist, writes: "Seldom has such a small change in interest rates had such a dramatic impact on market sentiment."

It is not that the rise will have much of an effect on the economy. Indeed, because the banks and building societies are not passing on the rise to consumers in the form of higher mortgage rates, the move will have very little impact at all. "In effect, the spectre of inflation has been raised before the exorcist is either ready or willing to take action to expel the evil spirit," says Jeffrey.

The Bank of England's inflation report published on Wednesday, said that, even after the rate rise, the government was still not on course to meet its inflation target of 2.5 per cent. "Some further rise in interest rates is likely to become necessary in due course," the report concluded.

Short sterling, the market's vehicle for speculating on interest rate prospects, is looking for three-month rates to rise to 6.25 per cent by the end of this year, and to 7.25 per cent by the end of 1997.

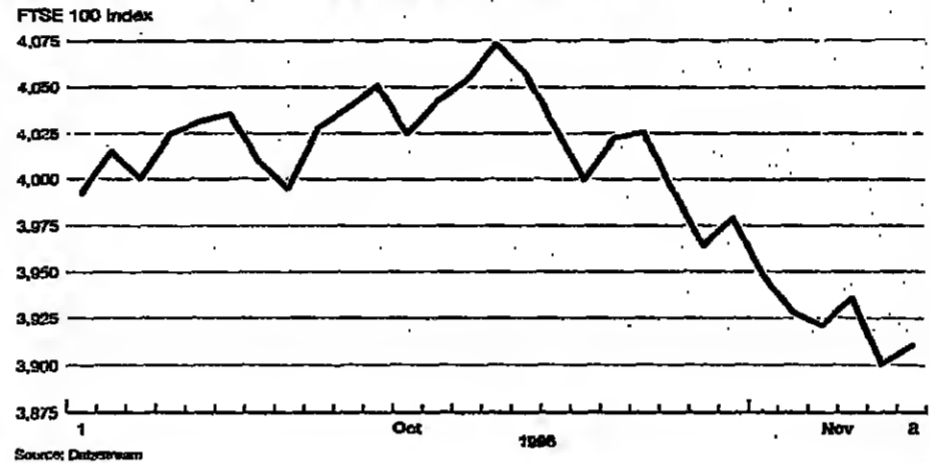
The pound is the other worrying factor. Although it

is easy to see sterling as some sort of national virility symbol, industry struggles when the currency is overvalued, as was obvious during the UK's membership of the exchange rate mechanism.

The corporate sector is hit in two ways. First, the profits of overseas subsidiaries are worth less, in sterling terms, when translated back for the final results. Second, exporters must either raise their foreign currency prices (and lose sales) or maintain their prices and see their profit margins shrink. Dollar earners - such as Wolesey, the builders' merchant with extensive US interests, and the oil stocks - duly saw their shares suffer this week.

In all this, it is easy to forget that this week saw one of the biggest deals in corporate history: the \$12bn purchase by BT of the outstanding 80 per cent in US telephone group MCI. But while traders had been looking for a big takeover to revive the dull market, the BT deal, while important in its industrial implications, was not quite what they wanted. While BT will pay a special dividend and eventually buy back 10 per cent of its enlarged share capital, the bulk of the cash will end up in the pockets of the US shareholders of MCI. The deal does, however, raise the prospect of a wave of restructuring in the telecommunications industry. Speculation duly helped Vodafone join BT as one of the best performing Footsie stocks of the week.

Stocks retreat at the approach of winter



Highlights of the week

	Price	Change	52 week	52 week	
	Ytd	on week	High	Low	
FTSE 100 Index	3910.8	-37.7	4073.1	3523.4	Inflation concerns
FTSE 250 Index	4395.6	-33.6	4586.6	3887.7	Inflation concerns
Airtours	670	-12%	714	308	MMC investigation
British Airways	576 1/2	+19 1/2	615	453 1/2	Hope over US/UK trade talks
BT	361 1/4	+10%	395	326 1/4	MCI merger deal
Compass Group	597 1/2	-10%	621	434	SBC Warbury placing
East Midlands Elect	568 1/2	+49	744	479	Takeover signal
Fairway Group	81 1/2	-28	117 1/2	80 1/2	Profits warning
JXO Oil & Gas	119	-9 1/2	191	105 1/2	Fund manager reduces stake
Lloyd Thompson	174	-4 1/2	194	135 1/2	Share buy-back
Mackie Int	145	-7 1/2	367 1/2	109	Profit warning
Northern Elect	608 1/2	-25 1/2	724	484	Bid referral worries
PowerGen	546 1/2	+27 1/2	625	482	UBS "buy" recommendation
Rolls-Royce	246 1/2	-5	270	156	MAM sells stake
Roadshow Group	123	-97	316	123	Profit warning



Barry Riley

Buried by mountains of debt

Global recession could be waiting to pounce again

First, the good views. Next year, the world economy will grow more rapidly, accelerating by about 0.5 per cent to above 3.5 per cent, according to the leading forecasters. Indeed, it must grow more quickly in order to bail European governments out of their budget problems, and to jerk Japan out of an interminable recession. How convenient.

But, as 1997 draws near it is time for a *what if?* analysis. What if the powerful deflationary forces which have dogged many of the leading economies during the 1990s strengthen again? For myself, I am still prepared to go along with the optimists, but there is merit in a little contingency planning.

We can look at Germany, for example, where figures this week showed that September's industrial production declined unexpectedly by 1.8 per cent (and is down nearly 1 per cent year-on-year). The pride of German industry, Siemens, shocked the stock market on Wednesday with an earnings warning.

In Japan, expectations have been ratcheted down after the sudden burst of growth early this year. Growth might now be no more than about 1 per cent. On Thursday, the Japanese

government complained that there was too much pessimism. Yet seven years after the 1980s bubble burst in Japan, property companies and banks there are still collapsing.

Another cautionary sign comes from the commodities markets, where prices of industrial materials have been slipping and even the oil price has weakened. This does not fit in with an accelerating global economy.

Lurking behind the sluggishness of the global economy is the old problem of excessive indebtedness. Debt creation helped to fuel the boom of the 1980s, yet the decade ended with the financial systems of the two biggest economies, the US and Japan, undermined seriously.

Enlightened monetary management avoided a re-run of the 1930s slump. But a 1930s-style massive and disruptive debt write-down would at least have served to rebalance financial assets and liabilities. As it is, individuals and governments alike are restrained by the heavy burden of old debt from increasing their consumption.

The ratio of private sector debt to gross domestic product in the US climbed from 100 to 128 per cent

during the 1980s, and receded only slightly before climbing strongly again during the past two years. Now, American consumers are carrying a record level of debt in relation to their incomes, and there is an alarming uptrend in personal bankruptcies and credit card defaults.

The danger is that the great depression of the 1990s has merely been postponed

Similarly, Japan has made almost zero progress in cutting back its private sector debt ratio of 180 per cent. Its financial problems are much worse than those of the US and the burden is now shifting to the government. The danger, therefore, is that the great depression of the 1990s has only been postponed, not cancelled.

Continental Europe has exaggerated its problems by trying to fit within the Maastricht fiscal straitjacket. Monetary stimulus is seen as the way out. It serves to encourage currency depreciation, making economies more

competitive, and it raises asset prices, generating a wealth effect that can boost consumer confidence levels. Eventually, though, all this money will prove inflationary. Then there will be crashing changes of the policy gears. We have started to see this already in inflation-prone Britain, where, almost uniquely in the world, interest rates have begun to rise.

The Bank of England's quarterly *Inflation Report* noted this week how the outlook for inflation had deteriorated. The government will now be lucky to hit its "elusive" 2.5 per cent underlying inflation target next year, even for a short time. And, in the absence of tax increases to curb consumer demand, of which there is fat chance ahead of the election, the cost of money will need to rise further.

Meanwhile, the imbalance between booming Britain and slumping Germany is causing the sterling/D-Mark exchange rate to go haywire, topping 2.50 this week - a rise of 10 per cent since July.

As I say, I am still prepared to believe that the global economy has some positive things going for it: new technology is stimulating output and profits and global trade is continuing to grow fast.

Monetary policies are strongly stimulative. But consumer debt is likely to hit a ceiling quite soon in the US and the UK, and government debt in several countries could suffer the same fate in a year or two, for all the temporary enthusiasm of global bond investors for the higher-risk debt of big borrowers such as Italy and Sweden.

Repaying government debt depresses economies because spenders are taxed in order to transfer money to savers. Defaulting on debt (restructuring is the financial spin doctors' preferred term) has its downside, too, in that future borrowing will be costlier - and, perhaps for a time, impossible. So the preferred option is always more and more debt - until the game finally ends.

We must watch nervously for further signs that recession is reasserting its grip. In the markets, optimism causes equities to outperform bonds, and low quality bonds to beat high quality ones. If that extra economic growth does not happen, we should expect a night to safety.

Barry Riley has been named *National Journalist of the Year* by the Association of Unit Traders and Investment Funds for his coverage of the sector in relation to personal finance.

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